AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type		Local Government Name		County
[X]City []Township []Village []Ot	her	City of Alma		Gratiot
Audit Date	Opinio	on Date	Date Accountant Report S	Submitted to State:
June 30, 2005	Septe	mber 29, 2005	November 28, 2	2005

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

- 1. We have complied with the Bulletin for the Audits of Local Units of Government in Michigan as revised.
- 2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

[]	Yes	[X]	No	1.	Certain component units/funds/agencies of the local unit are excluded from the financial statements.
[]	Yes	[X]	No	2.	There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
[]	Yes	[X]	No	3.	There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
[]	Yes	[X]	No	4.	The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
[]	Yes	[X]	No	5.	The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
[]	Yes	[X]	No	6.	The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
[]	Yes	[X]	No	7.	The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
[]	Yes	[X]	No	8.	The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
[]	Yes	[X]	No	9.	The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name)			
REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address	City	State	Zip
5800 GRATIOT, PO BOX/2025	SAGINAW	MI	48605
Accountant Signature			

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2005



Prepared by: Paul T. Borle, Finance Director/Treasurer Cynthia A. Michels- White, City Controller

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2005

City Commission

Melvin Nyman Mayor

Scott Moes Vice Mayor

Donald Ayers Commissioner

Lisa Comer Commissioner

Michael Legene Commissioner

Greg Mapes Commissioner

Jane Walkington Commissioner

Other Officers and Officials

Phillip Moore City Manager

Aeric Ripley Assistant City Manager

Paul Borle Finance Director/Treasurer

Cynthia Michels-White City Controller

Brian Dancer City Assessor

Bryan Dinwoody Library Director

Barbara Gager City Clerk

Hal Smith Director of Code Enforcement

Randy Sumner Transit Director

Ronald Turner Director of Public Services

David Walsh Director of Public Safety

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2005

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CITY OF ALMA, MICHIGAN

525 E. Superior, P. O. Box 278 Alma, MI 48801-0278 www.ci.alma.mi.us

ADMINISTRATION 989 463-8336

FAX 989 463-5574

September 10, 2005

Honorable Mayor and Alma City Commission:

It is with great pleasure that we present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. This is the fourteenth CAFR prepared by staff, and the fourth CAFR prepared using the new reporting model prescribed by the Governmental Accounting Standards Board (GASB) in their Statement 34.

This report has been prepared by the staff of the City of Alma and its management takes full responsibility for the completeness and accuracy for all statements, schedules, notes and analysis. To provide a reasonable basis for making these representations, management has implemented a system of internal controls to protect City assets from theft, loss, or misuse and to compile reliable information for the presentation of our financial statement in conformity with generally accepted accounting principles. The cost of internal controls should not outweigh their benefit; therefore, internal controls have been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The Reporting Entity

The Alma area was settled in 1853 along the banks of the Pine River in the center of the lower peninsula of Michigan. In 1872, Alma became a village and in 1905 incorporated as a home-rule city. With a population of 9,275 people, City of Alma is the primary government. In addition to the primary government, this financial report also includes four component units, a joint ventures and a joint operation:

- Alma Public Library,
- Alma Housing Commission,
- Alma Downtown Development Authority,
- Alma Local Development Financing Authority,
- Gratiot Community Airport- a joint venture with Gratiot County, and
- Mid-Michigan Area Cable Communications Consortium, a joint operation with communities in Gratiot, Isabella and Clare Counties.

Budgeting and Financial Planning

As part of the City's financial planning process, the staff prepares an annual operating budget and six year capital improvement plan (CIP) for City Commission review and adoption. These two documents serve to address the City's strategy for maintaining and improving the health and well being of the community. The budget document provides the financial framework for planning and control, as well as defining the Commission's vision for the future. The CIP details future major capital items and related financial resources which will be required to implement the Commission's long term vision.

The budget process normally begins in January with a City Commission goals setting session. The City Manager is required by charter to present a budget by April 20th. After several work sessions and public hearings, the City Commission adopts the City's budget at the end of May and sets the property tax millage for the new fiscal year. After the close of the fiscal year, the CAFR is prepared to report on the financial condition of the City. Included in the report are budget to actual comparisons of revenues and expenditures. As in prior years, budget to actual comparisons present the original budget and the final budget. Interested citizens are invited to participate in the budget planning process at the goals setting session, work sessions and public hearings.

Economic Condition and Outlook

In the 2005 fiscal year Oxford Automotive filed for chapter 11 bankruptcy, this is a major blow to the City's tax revenue as Oxford was the City's largest single tax payer representing about 8% of the City's total taxable value. Oxford was also the city's fifth largest employer with about 300 employees.

The State of Michigan's economy remains a concern for the City's financial well-being. As the State continues to struggle to overcome budget deficits, state revenue sharing, which is the second largest revenue source for the City's General Fund, is always in jeopardy of being cut again.

A 15,000 square foot addition and renovation to the library is planned to begin in FY 2006. The citizens of Alma and the surrounding communities have shown their support for this project and their willingness to invest in the City by raising over \$300,000 in private donations. The project was scheduled to begin in FY 2005, but has been held up pending D.E.Q. approval.

The extension of Pine Avenue to Cheesman Road has been completed. Extending Pine Avenue will open more land for residential development. The new middle school is being constructed on the extended Pine Avenue.

The removal and clean-up at the Ultramar Diamond Shamrock site has continued during FY2005. Within three to five years, the site should be cleaned to the point where it can be sold for industrial purposes. This site will be the first sizable industrial property available within the City for several years. There are several features which make this site attractive to industry: it is accessible by railroad and highway, it can accommodate heavy load electricity requirements and it has a high capacity water supply available.

The plans to relocate Alma Iron & Metal Company and the implementation of the Downtown Waterfront Redevelopment Project are continuing to take shape. The riverfront location will provide the City with another opportunity for potential development.

Fiscal Year 2005 Initiatives

In spite of the challenges on the revenues side, the City of Alma has had another successful year in providing quality services to our citizens. The foresight of the City Commission in building a healthy fund balance has permitted the City to continue to invest in the infrastructure and capital needs of the City. During FY2005, the City was able to accomplish several significant improvements:

- Began construction of new aeration lagoons for the waste water treatment plant.
- Began extension of Pine Avenue, including water main and sanitary sewer, from its current terminus to Cheesman Road.
- Completed construction of the Adams Street extension from Ely to Superior.
- Progressed on the community's long-standing goal to relocate Alma Iron & Metal (AIM) to enable possible
 development along the river front, which is being provided up to \$900,000 by UDS/Total through a
 Supplementary Environmental Project (SEP).
- Acquisition of a 75' Quint Fire Truck. The Quint Fire Truck has been ordered and a down payment made; delivery is expected in FY 2006.

Future Major Initiatives

In FY2005, the City laid the groundwork for several future plans and developments. Many of these projects have been highlighted by the City Commission in prior year's goal setting sessions:

- Continue implementation of the City's new Master Plan, which provides the blueprint for future development.
- Construction of the Library Planning Committee's recommended 3.5 million dollar addition to Alma Public Library will begin in FY 2006, pending DEQ approval of the expansion plans. The bonds have been sold and 2 mills added to the tax rolls to fund the project. The request for bonding was presented and approved by the voters in August 2004.

- Begin Construction of a new Transit Center and 120 ft. radio tower using Federal and State grant money.
- Construct taxiway at airport from terminal taxiway to east end of runway.
- Street rehabilitation and watermain replacement and extensions on Woodworth Street from Downie Street to East End Street.
- Conversion of Superior Street back to two way traffic.
- Construction of transmission lines from wells 2A & 8 to the water treatment plant to enable the City to move from the use of primarily surface water to the use of primarily ground water at its water treatment plant.

Independent Audit

State statute and the City Charter require an annual financial audit by an independent certified public accountant. The City Commission selected the Rehmann Group, a regional firm providing certified public accounting and auditing services. The audit was designed to meet the requirements of the federal Single Audit Act of 1984, as amended and related OMB Circular A-133. The auditors report on the fair presentation of the financial statements, the internal controls, and compliance with legal requirements.

Awards

The Government Finance Officers Association of the United States and Canada (G.F.O.A.) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Alma for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This was the thirteenth consecutive year that the City of Alma achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

The work of preparing the financial report has required the help and assistance of many people. The staff of the Finance Department in particular has spent many hours working on this project. Cynthia Michels-White, City Controller, deserves special thanks for putting in long hours to complete this year's financial report.

In closing, the City of Alma is looking forward to prosperity and growth for its citizens as well as its businesses and industries. The leadership and support of the City Commission remain vital to that goal.

Sincerely,

Phillip J. Moore

City Manager

Sincerely,

Paul T. Borle

Finance Director/Treasurer

Paul T. Borle

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alma Michigan

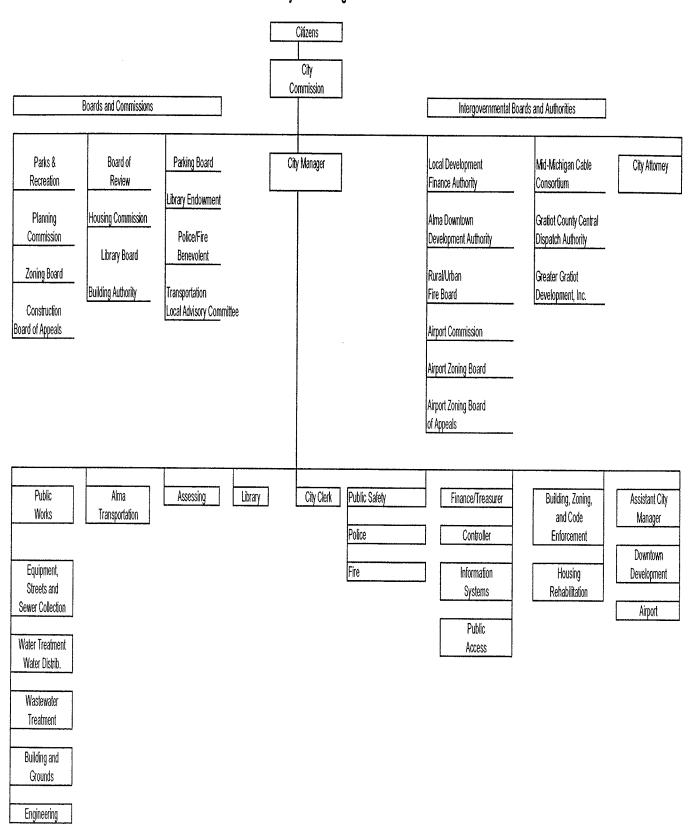
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of Alma Organizational Chart



A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

September 29, 2005

City Commission City of Alma Alma, Michigan 48801

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Alma*, *Michigan*, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the *City of Alma*, *Michigan's* management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Alma*, *Michigan*, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General and Major Street Governmental Funds for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2005, on our consideration of the City of Alma, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 19 through 32 and the Pension Analysis of Fund Progress on page 85 are not required parts of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *City of Alma, Michigan's* basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of the *City of Alma, Michigan.* The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rehmann Johann

As management of the City of Alma, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Alma for the fiscal year ended June 30, 2005.

1) Financial Highlights

- a) The Net Assets of the City of Alma increased by \$622,635 over the fiscal year ending June 30, 2005.
- b) The assets of the City of Alma exceeded its liabilities at the close of fiscal year 2005 by \$29,750,015 (net assets). Of this amount \$11,616,305 is unrestricted or available to meet the City's ongoing obligations to citizens and creditors.
- c) As of the close of the current fiscal year, the City of Alma's governmental funds reported combined ending fund balances of \$6,088,216, a decrease of \$387,673 from fiscal year 2004. Approximately 78 percent of this total amount, \$4,754,476, is available for spending at the government's discretion (unreserved, undesignated fund balance).
- d) While the City's governmental funds combined fund balances decreased in fiscal year 2005; the governmental funds combined net assets increased by \$570,893 to \$21,024,202.
- e) The decrease in Fund Balance and the increase in Net Assets in the governmental activities are the result of capital expenditures on infrastructure. Primarily the construction of Adams Street.
- f) The General Fund spent \$358,666 of its fund balance this year. Year end fund balance for the General Fund was \$3,057,360.
- g) At the end of fiscal year 2005, unreserved, undesignated fund balance for the general fund was \$2,993,596, or 84 percent of total 2005 fiscal year general fund expenditures (excluding transfers to other funds).
- h) The City of Alma's total debt increased by \$5,265,000 (390 percent) during fiscal year 2005. This increase consists of the issuance of \$5,500,000 of general obligation bonds (\$3,500,000 for the library expansion and \$2,000,000 for the aeration tank for the waste water system).
- i) Business-type Activities net assets remained basically unchanged at an increase of \$51,742.
- j) Total expenditures for governmental activities totaled \$5,207,272.
- k) Total expenses for business-type activities totaled \$2,907,616.

2) Overview of Financial Statements

a) Overall financial picture

The financial statements provide two views of the City's financial position. On the top level, also called the Government-wide statements, the statements summarize all City funds into one statement using the full accrual method of accounting. This method of accounting is similar to private sector for profit accounting.

Statement of Net Assets

The Statement of Net Assets provides information on assets, liabilities and the difference between assets and liabilities, which is called net assets. Over time, increases and decreases in nets assets can serve a barometer of financial health. A trend of increasing net assets is viewed as a sign of improving condition. The Statement of Net Assets is similar to a balance sheet in private sector accounting.

ii) Statement of Activities

The next statement is the *Statement of Activities*. Revenues and expenses reflect the underlying cause of the change in net assets. All changes in net assets are reported as the change occurs. This means the statement includes depreciation on the assets. The statement does not report any capital projects. Capital projects are reported on the *Statement of Net Assets*.

b) Fund focus

Traditional governmental accounting was focused on the individual funds. The funds have not disappeared in the new reporting model. As has historically been the case, a fund is defined as a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Funds are used to ensure compliance with finance-related legal or regulatory compliance. Funds are classified as either governmental funds, proprietary funds or fiduciary funds.

i) Governmental Funds

Governmental funds are essentially the same as the governmental activities with the exception that internal services are included in governmental activities but are not governmental funds. Governmental funds use a modified accrual basis of accounting which focuses on near-term inflows and outflows and balances of expendable resources. In the governmental funds statements, the accounting for items such as capital outlay, depreciation, debt payments, and accrued vacation is different than in the government-wide statements. In governmental funds, capital outlay and debt principal are reported on the *Statement of Revenues, Expenditures and Changes in Fund Balance*. Depreciation is not recorded. The rule for reporting accrued vacation is more restrictive. The *Balance Sheet* for governmental funds does not include any capital assets or long-term debt.

(1) Major Funds

Under G.A.S.B. Statement 34, the focus has shifted from type of governmental fund to major funds. Major funds are the largest funds in terms of assets, liabilities, revenues or expenses/expenditures. This allows the reader to see more detailed activity of the major funds. For the City of Alma, the following funds meet this requirement:

- General Fund
- Major Street Fund
- Alma District Fire Department
- Warwick/Heather Special Assessment Bond Fund
- Adams Street Extended Capital Project
- Street Millage Capital Project

(2) Non-major funds

In the basic financial statements, non-major funds are consolidated into one column. These are smaller, less active funds. Detailed information about non-major funds can be found after the Notes.

ii) Proprietary Funds

Proprietary funds use a full accrual method of accounting for both government-wide statements and fund level statements. There are two types of proprietary funds.

Enterprise funds are used to report business like activities. In general, these funds charge a fee for their service. With the exception, of the Transit System, the fee is expected to recover the cost of providing the service. The City of Alma uses enterprise funds for water, wastewater, solid waste, transit and State Street Plaza. All enterprise funds qualify as major funds.

Internal service funds provide services to other City activities or functions. Internal service funds facilitate cost allocation of centralized services such as vehicle maintenance, building and grounds maintenance, engineering, computers, accounting, and printing. The City of Alma has three internal service funds. They are Building and Grounds, Equipment and Central Garage, and Administrative services.

iii) Component Units

The City of Alma's Comprehensive Annual Financial Report includes four component units. Component units are separate legal entities for which the City of Alma has some level of financial accountability. Component units are shown in a separate column. The City of Alma's component units include the Alma Housing Commission, Alma Public Library, Alma Downtown Development Authority, and Local Development Finance Authority. More information about the component units can be found in the Notes and in schedules behind the notes.

c) Notes to the Financial Statements

Immediately after the basic financial statements are the Notes to the Financial Statements. The Notes are an integral part of the financial statements. The Notes contain many additional disclosures about the financial health of the City.

3) Financial Analysis

a) Net Assets

The Statement of Net Assets provides an overview of the City's assets, liabilities and net assets. As mentioned above, over time, this can provide a good indicator of the City's fiscal health. Below is a summarized version of the Statement of Net Assets:

Table A-1
City of Alma, Michigan's Net Assets
(in millions of dollars)

	Governmental Activities			Business-type Activities		Total	
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004	
Current and other assets	\$8.9	\$ 8.8	\$ 5.5	\$ 4.6	\$ 14.4	\$ 13.4	
Capital assets	14.0	13.2	5.8	4.6	19.8	17.8	
Total assets	22.9	22.0	11.3	9.2	34.2	31.1	
Long-term debt	0.6	0.8	2.2	0.3	2.8	1.1	
Other liabilities	1.3	0.7	0.4	0.2	1.7	0.9	
Total liabilities	1.9	1.5	2.6	0.5	4.5	2.0	
Net assets							
Invested in capital assets, net of							
related debt	13.2	12.1	3.5	4.2	16.7	16.3	
Restricted	1.2	0.8	0.2	0.1	1.4	.9	
Unrestricted	6 .6	7.6	5.0	4.3	11.6	11.9	
Total net assets	\$ 21.0	\$ 20.5	\$ 8.7	\$ 8.6	\$ 29.7	\$ 29.1	

The total net assets of the City are \$29,750,015. However, \$16,711,269 represents investment in capital assets including infrastructure. The single largest item in capital assets is the City's investment in streets. The book value for streets at the end of FY2005 was \$8.6 million. Of the more liquid assets, \$1,422,441 is restricted. The City has \$11,616,305 in unrestricted net assets. Total net assets increased by \$622,635 in FY2005.

b) Changes in Net Assets

i) Governmental Activities Highlights

		Table /				*****	
	Changes in	City of Alma,		Assets			
		(in millions o	f dollars)				
	Government	al Activities	Busine: Activ		Total		
Revenues	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004	
Program revenues							
Charges for services	\$ 0.6	\$ 0.8	\$ 2.3	\$ 2.4	\$ 2.9	\$ 3.2	
Grants and contributions	1.3	1.0	0.5	0.3	1.8	1.3	
General revenues							
Property Taxes	2.4	2.4	0.1	0.1	2.5	2.5	
Federal and state contributions	1.2	1.5	-	-	1.2	1.5	
Investment earnings	0.2	0.1	0.1	0.1	0.3	0.2	
Other	0.1	-	-	· _	0.1	-	
Total revenues	\$ 5.8	\$ 5.8	\$ 3.0	\$ 2.9	\$ 8.8	\$ 8.7	
Expenses							
Community development	\$ 0.5	\$ 0.9	-	-	\$ 0.5	\$ 0.9	
Community safety	1.9	1.7	-	-	1.9	1.7	
Property maintenance	0.4	0.4	-	-	0.4	0.4	
Transportation	1.3	1.3	-	-	1.3	1.3	
Recreation and cultural services	0.6	0.6	-	-	0.6	0.6	
Legislative services	0.1	0.1		-	0.1	0.1	
Administrative	0.3	0.4		-	0.3	0.4	
Interest on long-term debt	0.1	0.1	-	-	0.1	0.1	
State Street Plaza			0.1	-	0.1	-	
Transit			0.6	0.6	0.6	0.6	
Wastewater			0.9	0.9	0.9	0.9	
Water			0.9	1.0	0.9	1.0	
Solid Waste			0.4	0.5	0.4	0.5	
Total expenses	5.2	5.5	2.9	3.0	8.1	8.5	
Increase in net assets	0.5	0.3	0.1	(.01)	0.6	0.2	
Ending net assets	\$ 21.0	\$ 20.5	\$ 8.7	\$ 8.6	\$ 29.7	\$ 29.1	

(1) Revenue Sources and changes

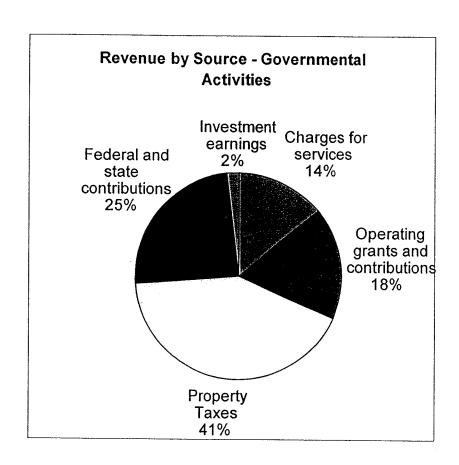
Revenue for all sources increased in 2005 by \$40,537 or .5% (one half of a percentage point). This consisted of an increase of \$12,384 or .2% (one fifth of a percentage point) in governmental funds and \$28,153 or 1% in business-type activities. Total revenue from all sources totaled \$8,737,523 of which \$5,778,165 was from governmental activities and \$2,959,358 was from business-type activities. The governmental activities received 41% or \$2,387,317 from property taxes. Another 20% or \$1,175,817 was from unrestricted state shared revenue. Ten percent (10%) or \$601,632 of governmental activities was funded through charges for services.

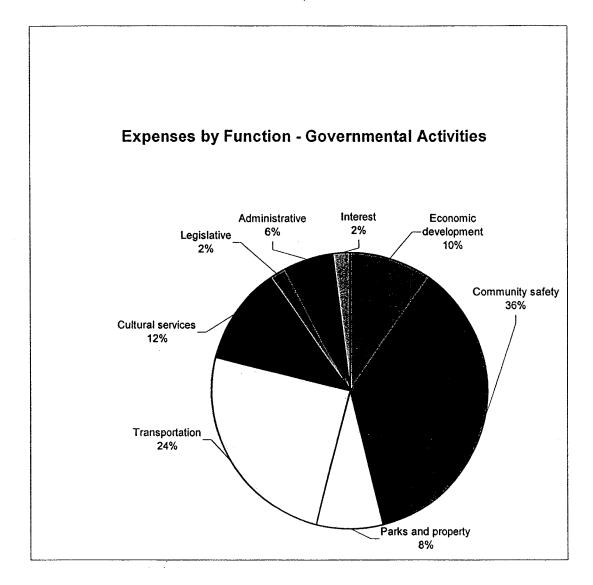
Business type activities receive 77% of their revenue from charges for services. Most of the non-operating revenues is received by the Transit Fund in the form of grants and a local millage.

(2) Expense overview

(a) Overall cost

Using a full accrual basis of accounting, the City of Alma spent \$5,207,272 on governmental activities. From this perspective, the City depreciates capital assets including infrastructure such as streets and sidewalks. The expenses do not include new capital assets such as rehabilitated streets or new sidewalks. The City spent \$1,845,335 on public safety or 35% of the total expenses. Transportation was the next largest item with \$1,352,456 or 26% of the total expenses. In addition to the \$1.35 million in Transportation expenses, the City of Alma spent \$1,210,613 on infrastructure improvements that appear in the *Statement of the Net Assets*.

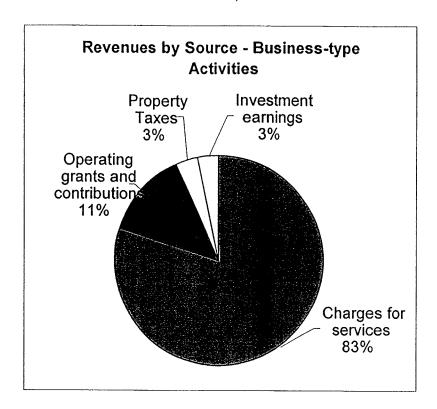




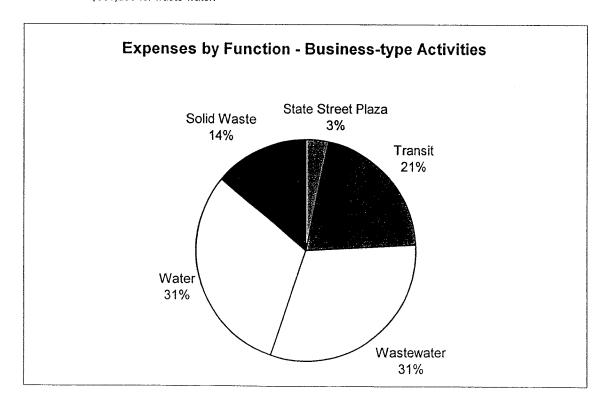
ii) Business-type Activities – Highlights The business-type activities had an increase in net assets of \$51,742, reporting revenues of \$2,959,358. The largest source of revenue was from charges for services of \$2,288,902 or 77% of revenues for business – type activities. The charges for services can be further disaggregated as follows:

•	Wastewater	\$ 685,968
•	Water	1,034,110
•	Solid Waste	464,606
•	Transit	66,676
•	State Street Plaza	39,542
•	Total Charges for Services	\$ 2,288,902

City of Alma, Michigan Management Discussion and Analysis June 30, 2005



Water and wastewater are the largest business-type activities with expenses of \$940,382 for water and \$861,200 for waste water.



(1) Water

The Water Fund is a very capital intensive activity. With the implementation of new regulatory requirements for selected water treatment plants, the capital needs for the fund will be increasing. The City will need to find a new source of water for the water treatment plant. Under the new regulations, the City must either find a source of ground water to eliminate the surface water or the water filtration plant must be rebuilt to more intensively treat the water. A preliminary engineering study recommended that the City begin looking for additional ground water sources. In FY2002, the City hired an engineering firm to look for reliable well water sources. New water sources have been found just south of the Pine River. This will require transmission of the raw water supply under the river to the water treatment plant. It is estimated that a new system of wells will cost \$3 million or more. The City Commission has passed a resolution of intent to sell revenue bonds to finance this project. A rate increase will be required to repay the bonds. With operating revenues of \$1,034,110, the fund had an increase of \$96,800 in net assets.

(2) Wastewater

The Wastewater Fund has a healthy cash position. The fund has \$1.6 million in cash and investments. However, the construction of the aeration basins will be funded with about \$1 million of the wastewater funds cash and \$2 million in bonds. With operating revenues of \$685,968, the fund had a decrease of \$153,364 in net assets. The fund has sufficient reserves to meet its cash flow and capital needs for the next few years. The City has struggled with pipeline and plant capacity issues during significant rainstorms due to infiltration. The wastewater rates were increased in January 2004.

(3) Dial-A-Ride-Transit System

The City runs a demand response bus system. The system is funded by a combination of bus fares, property taxes and grants from the state and federal governments. Major capital assets are usually purchased by the state. The Transit Fund has a healthy unrestricted net asset position with \$890,193 in cash and investments. The biggest challenge facing the transit system is the decline of the reimbursement rate of grants. The reimbursement rate has slipped from 60% to 42% of eligible expenses. The City elected officials and management have been working with our elected officials in Lansing to modify the reimbursement formula.

(4) Solid Waste

The City collects solid waste, recyclables, and yard waste at the curbside for residential property. The service is funded through user fees. The City entered into a five year contract with the current waste hauler in FY2003. With revenues of \$472,795 and expenses of \$441,678, the fund now has net assets of \$425,628.

(5) State Street Plaza

The City owns a complex of offices on State Street. The fund has \$991,844 in assets. Operations for the year included \$53,702 in revenue and \$53,261 in expenses. The fund is in healthy financial condition. The former MESC office was the Plaza's only vacancy in FY2005.

4) Financial Analysis of Individual Funds

(1) General Fund

The General Fund had revenues of \$3,761,758, a decrease of \$242,678 from the prior fiscal year. The \$3,575,414 in expenditures was an increase of \$204,645 from the prior year. Net transfers to other funds were \$545,010. The fund balance decreased by \$358,666. The decrease in revenues was mainly due to decreases in state shared revenue. Interest rates have gone up, producing higher investment yields in FY2005. The general fund had budget amendments totaling increases

of \$135,155 and a grant for \$14,400 for election equipment. The primary increases were for \$10,000 in police, \$19,400 in elections for voting booths, and \$120,000 in municipal building for a new roof. The Supplemental Environmental Project was not completed in FY2005. This explains the substantial budget surplus in Economic Development expenditures.

(2) Major Street Fund

The Major Street fund expended \$328,118 on major street maintenance. Fund balance increased by \$82,403. The Adams Avenue extension project was completed in FY2005. Rockingham Street reconstruction was also completed in FY2005.

(3) Alma Fire District Fund

The Alma Fire District Fund made a deposit on a new 75" Quint Fire Truck in the amount of \$245,805. The balance of \$239,926 will be paid in FY2006.

5) Capital Assets and Debt Administration

a) Capital assets

i) Summary of capital assets

The City of Alma has \$19,800,831 invested in capital assets net of depreciation. Capital assets include all purchases of assets that exceed \$1,500 and have an expected useful life of greater than one year. In addition to the primary government unit the component units have \$3,971,157 invested in capital assets. Capital assets include: land, land improvements, streets, sidewalks, buildings, equipment and utility systems such as water lines and sewer lines. The City uses straight line depreciation for all depreciable assets. In FY2005, capital assets increased by \$255,029 in governmental activities and \$1,239,261 in business-type activities.

Some of the major capital activities during the year included:

- Extending Adams Street from Ely to Superior.
- New roof for the municipal building.
- Replacing vehicles and equipment for a total of \$232,821.

Table A-3									
City of Alma's Capital Assets									
(in millions of dollars)									
	Governmental Activities Business-type Activities								
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004			
Land	\$ 1.4	\$ 1.9	\$ 0.2	\$ 0.2	\$ 1.6	\$ 2.1			
Construction in Progress	0.5	0.0	1.2	0.0	1.7	0.0			
Land improvement	1.1	1.1	0.2	0.2	1.3	1.3			
Streets	14.7	13.6	0.0	0.0	14.7	13.6			
Sidewalks	1.0	1.0	0.0	0.0	1.0	1.0			
Buildings	2.0	1.9	4.7	4.7	6.7	6.6			
Equipment	4.1	4.0	2.0	1.9	6.1	5.9			
Utility systems	0.0	0.0	7.1	6.8	7.1	6.8			
Accumulated Depreciation	(10.8)	(9.8)	(9.6)	(9.2)	(20.4)	(19.0)			
Total	\$ 14.0	\$ 13.7	\$ 5.8	\$ 4.6	\$ 19.8	\$ 18.3			

ii) Discussion of future plans

Each year the City publishes a 6-year Capital Improvement Plan (CIP). The CIP lists and discusses all major capital items that the City Commission and staff envision will be needed over the next six years. The major projects for the next two years include:

- New well system for the water plant
- Extending Pine Avenue to Cheesman Road
- Moving Alma Iron and Metal off the riverfront
- Replacing the existing aeration lagoons at the wastewater treatment plant
- Converting the one-way street system to two-way
- New facility for the Transit system
- · Completing the river walkway
- Expanding and renovating Alma Public Library
- Connecting the Fred Meijer Rails-to-Trails pathway to Alma
- b) More detailed information about changes in capital assets can be found in Note 5 of the footnotes.

6) Debt

a) Summary of debt

The City of Alma had \$6,615,000 of debt outstanding as of June 30, 2005. During the fiscal year 2005, the City issued \$3,500,000 general obligation bonds for the library expansion project and \$2,000,000 for the wastewater aeration basins. Of the outstanding debt, \$5,810,000 was general obligation bonded debt. The City has pledged its full faith and credit to back \$300,000 of special assessment debt. The Water Fund has pledged its revenue stream for \$330,000 of revenue bonds and the City has \$175,000 of installment purchase contracts. In 2005, Standard and Poors issued a BBB+ rating for The City of Alma's general obligation debt.

		Table A	١-4			
		City of Alma,	Michigan			
		Outstandin	g Debt			
		(In thousands	of dollars)			
	Governmenta	al Activities	Business-ty	pe Activities	Tota	al
	FY2005	FY2004	FY2005	FY2004	FY2005	FY2004
General obligation bonds	\$ 3,810	\$ 375	\$ 2,000	\$ -	\$ 5,810	\$ 375
Special assessment debt with governmental commitment	300	375		•	300	375
Purchase contracts	175	215	-	-	175	215
Revenue bonds	-	•	330	385	330	385
Total	\$ 4,285	\$ 965	\$ 2,330	\$ 385	\$ 6,615	\$ 1,350

The City of Alma is anticipating the sale of water revenue bonds to finance the new well system for the water fund. The sale is anticipated for late FY2006. The Governmental Activities column includes General Obligation Bonds issued for an expansion and renovation to the Alma Public Library. The City of Alma has pledged full faith and credit on this obligation.

b) In the footnotes more detailed information on debt and other obligations can be found. Also, a complete schedule of debt repayments until maturity.

7) Economic Forecast

a) The City of Alma has three main sources of revenue. These include property taxes, utility charges, and state shared revenue. The economic forecast for the community is dependent on these three revenues. Each main revenue source is discussed and forecast below.

i) Tax Base

With the closure of the refinery in 1998, and Oxford automotive in December 2004, the change in taxable value and state equalized value of the City has been closely tracked. As the refinery is dismantled, the refinery's property value is reduced accordingly. The following table shows property values for the past three years as well as the property valuation that will be used in the FY2006 property tax calculations. State equalized value is the Assessor's estimate of 50% of market value. Property taxes are calculated on taxable value. Taxable value growth is capped, by state constitution, to 5% or the rate of inflation which ever is less. In the year when property sells, the taxable value becomes uncapped and equal to the state equalized value. In the upcoming fiscal year, the taxable value decreases by three percent. The refinery has been essentially dismantled. The only remaining value is the land value and the equipment being used to remediate the environmental problems.

~	-		
State	Egua	lized	Value

Fiscal		•		
Year	Real	Personal	IFT	Total
2001	\$112,751,600	\$35,918,900	\$18,721,000	\$167,391,500
2002	117,932,300	34,405,100	18,468,700	170,806,100
2003	121,002,500	28,094,200	16,274,500	165,371,200
2004	128,574,900	29,419,000	13,767,700	171,761,600
2005	136,101,800	24,759,600	7,805,700	168,667,100
		Taxable Value		
Fiscal				
Year	Real	Personal	IFT	Total
2001	\$95 ,954,929	\$35,915,027	\$18,721,000	\$150,590,956
2002	100,252,751	34,403,883	18,468,700	153,125,334
2003	103,755,637	28,094,122	16,274,500	148,124,259
2004	107,741,698	29,419,000	13,767,000	150,928,398
2005	114,136,528	24,759,600	7,805,700	146,701,828

ii) State Shared Revenue

State shared revenue is the second largest source of revenue for the General Fund. State shared revenue is made of two components. The constitutional component is 15% of the 4% gross collections of the state sales tax. This portion can not be adjusted by the legislature. The statutory component is 21.3% of the 4% gross collections of the state sales tax. This portion can be adjusted by the state legislature. In both components, the overall distribution is dependant on the collection of the state sales taxes. When the economy slides, the revenue stream goes down. When the economy and sales pick up, our revenues increase. The City of Alma's General Fund is very dependent on the overall State of Michigan economy. In preparing our budgets, the City uses the Michigan Department of Treasury's estimates as published on their web site. The state has stated that they will maintain the 2005 funding levels in 2006. Management believes that although the state will fund state shared revenue at the same level as 2005, this will actually result in a reduction in our statutory share of revenue sharing. As sales tax collections continue to increase and constitutional values go up there will be less in the fund to

distribute as the statutory share of revenue sharing. FY2006 budget was prepared with recognition of decreasing or stagnant revenue sharing proceeds. Our fund balance will enable the City to weather any likely reductions in FY2006 state shared revenue.

iii) Utility Charges for Services

From an entity wide perspective, utility charges for services are the third major revenue source. At one time, the refinery represented 25% of water sales. With the closure of the refinery, that revenue source ceased. While industry is still a major water sales component, no one customer represents such a significant percentage of sales. Utility sales, while affected by the economy, experience larger swings of revenue from changes in weather conditions. During dry spells, water sales increase. For the FY2006 budget, we assumed that units of sales will be roughly equal to FY2005 volumes.

8) Contacting the City's Financial Management Team

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager or Finance Director/Treasurer at PO Box 278; Alma, Michigan 48801 or call at 989-463-8336.

BASIC FINANCIAL STATEMENTS



City of Alma, Michigan Statement of Net Assets

June 30, 2005

	Primary Government							
	Governmental Activities		Business-type Activities		Total			omponent Units
ASSETS								
Cash and cash equivalents	\$	681,048	\$	1,574,523	\$	2,255,571	\$	4,548,133
Investments		6,006,476		3,221,188		9,227,664		290,739
Receivables (net)		1,406,729		514,740		1,921,469		260,375
Inventories and prepaids		309,061		76,814		385,875		27,970
Internal balances		(73,366)		73,366		-		-
Investment in joint venture		313,353		-		313,353		-
Land and construction in progress		1,853,655		1,416,511		3,270,166		3,971,167
Other capital assets, net of depreciation		12,120,005		4,410,660		16,530,665		-
Total assets		22,616,961		11,287,802		33,904,763	•	9,098,384
LIABILITIES								
Current payables		733,872		257,067		990,939		174,637
Portion of long term liabilities due within one year		258,887		130,000		388,887		-
General Obligation bonds		240,000		•		240,000		-
Special Assessment bonds		225,000		-		225,000		-
Notes payable		135,000				135,000		-
Bonds payable		-		2,174,562		2,174,562		3,340,000
Total liabilities		1,592,759		2,561,629		4,154,388		3,514,637
NET ASSETS								
Invested in capital assets, net of related debt		13,188,660		3,522,609		16,711,269		3,971,167
Restricted for:								
Capital projects		-		-		-		39,393
Debt service		78,265		173,854		252,119		_
Permanent funds - nonexpendable		727,331		-		727,331		-
Other purposes		442,991		-		442,991		-
Unrestricted		6,586,955		5,029,350		11,616,305		1,448,187
Total net assets	\$	21,024,202	\$	8,725,813	\$	29,750,015	\$	5,458,747

City of Alma, Michigan Statement of Activities For the Year Ended June 30, 2005

					Progr	am Revenues		
					-	Operating	(Capital
				Service		Grants		Grants
Activities/Programs		Expenses		Charges	Co	ntributions	Con	tributions
n .								
Primary government								
Governmental activities:	•	507.454	٠	54.400	•	14.075	•	
Community development	\$	507,454	\$	54,482	\$	41,275	\$	
Community safety		1,845,335		250,073		46,571		5,000
Property maintenance		424,979		57,960		29,347		•
Transportation		1,352,456		117,924		1,177,962		-
Recreation and cultural		587,676		30,979		28,003		-
Legislative		109,743		3,085		-		14,400
Administrative services		321,924		623				-
Interest on long term debt		57,705		86,506				
Total governmental activities		5,207,272		601,632		1,323,158		19,400
Business-type activities:								
State Street Plaza		52,973		39,542		-		-
Transit Services		615,085		64,676		439,058		-
Wastewater		861,200		685,968				-
Water		940,382		1,034,110		-		-
Solid Waste		437,976		464,606		-		-
Total business-type activites		2,907,616		2,288,902		439,058		-
Total primary government	\$	8,114,888	\$	2,890,534	\$	1,762,216	\$	19,400
Component Units								
Downtown Development Authority	\$	32,535	\$	-	\$	6,000	\$	-
Local Development Financing Authority		393,527		-		-		-
Alma Public Library		492,060		13,018		428,647		180,469
Alma Housing Commission		943,362		289,959		685,443		-
Total component units	\$	1,861,484	\$	302,977	\$	1,120,090	\$	180,469

General revenues:

Property taxes

Intergovernmental, not restricted

Investment income

Other revenue

Total general revenue

Change in net assets

Beginning net assets as restated

Ending net assets

		Primary Government		
Governmental Activities		Business-Type Activities	Total	Component Units
\$	(411,697)	\$ -	\$ (411,697)	
	(1,543,691)	-	(1,543,691)	
	(337,672)		(337,672)	
	(56,570)		(56,570)	
	(528,694)	-	(528,694)	
	(92,258)	-	(92,258)	
	(321,301)	-	(321,301)	
	28,801	-	28,801	
	(3,263,082)	-	(3,263,082)	
	_	(13,431)	(13,431)	
	_	(111,351)	(111,351)	
	_	(175,232)	(175,232)	
	_	93,728	93,728	
	-	26,630	26,630	
-	*	(179,656)	(179,656)	
			-	
	(3,263,082)	(179,656)	(3,442,738)	
				\$ (26,538
				(393,52)
				130,074
				32,04
				(257,94)
	2,387,317	138,634	2,525,951	วว ธว
	1,175,817	130,034	2,525,951 1,175,817	22,53
	193,812	87,597	281,409	28,54
	77,029	5,167	82,196	1,50
	3,833,975	231,398	4,065,373	52,58

51,742

8,674,071

8,725,813

\$

570,893

20,453,309

21,024,202

622,635

29,127,380

29,750,015

(205,363)

5,664,110

5,458,747

City of Alma, Michigan Balance Sheet Governmental Funds June 30, 2005

		General	Major Streets		Alma District Fire Department		Heather/Warwick Special Assessment Bonds	
ASSETS Cash and cash equivalents	\$	311,452	\$	70,039	\$	18,812	\$	5,638
Investments	Ψ	2,409,106	Ψ	619,291	Ψ	166,336	Φ	49,857
Receivables, net		311,870		60,520		2,801		239,581
Due from other funds		244,003		00,020		2,001		200,001
Due from other units		443,625		85,896		_		_
Prepaid items		63,764		2,801		13,284		
Other assets		-		-		-		-
Total assets	\$	3,783,820	\$	838,547	\$	201,233	\$	295,076
LIABILITIES AND FUND BALANCES								
Liabilities:								
Current payables	\$	400,892	\$	3,352	\$	1,346	\$	-
Due to other funds		-		-		-		-
Due to other units		33,123		-		-		-
Accrued wages and vacation		61,608		-		298		-
Deferred revenue		230,837		43,975		•		238,921
Total liabilities		726,460		47,327		1,644		238,921
Fund balances:								
Reserved:								
Reserved for prepaid items		63,764		2,801		13,284		-
Reserved for public safety employees		-		-		-		-
Reserved for law enforcement		-		-		-		-
Reserved for debt service		-		-		-		56,155
Reserved for cemetery endowment		-		-		-		•
Reserved for library endowment		-		-		-		•
Unreserved		2,993,596		788,419		186,305		-
Unreserved, reported in nonmajor:								
Special revenue funds		-		-		-		=
Capital project funds		-		-		-		-
Total fund balances		3,057,360		791,220		199,589		56,155
Total liabilities and fund balances	\$	3,783,820	\$	838,547	\$	201,233	\$	295,076

E	ams Street extended oital Project	Str	Neighborhood Street Millage Capital Project		Other Governmental Funds		Total overnmental Funds
\$	3,020	\$	8,881	\$	150,753	\$	568,595
	26,709		78,531		1,662,344		5,012,174
	_		13,014		34,281		662,067
	-		-		-		244,003
	185,000		-		66,964		781,485
	-		-		5,304		85,153
	-		-		100,377		100,377
\$	214,729	\$	100,426	\$	2,020,023	\$	7,453,854
\$	31,347	\$	35,320	\$	15,528	\$	487,785
	178,589		-		65,414		244,003
	-		-		-		33,123
	-		-		141		62,047
	-		11,885		13,062		538,680
	209,936		47,205		94,145		1,365,638
	-		-		5,304		85,153
	-		+		441,528		441,528
	-		-		1,463		1,463
	-		-		22,110		78,265
	-		-		405,642		405,642
	-		-		321,689		321,689
	4,793		-		-		3,973,113
	-		-		426,744		426,744
	-		53,221		301,398		354,619
	4,793		53,221		1,925,878		6,088,216
\$	214,729	\$	100,426	\$	2,020,023	\$	7,453,854

Reconciliation of Governmental Funds Balance Sheet To Statement of Net Assets

June 30, 2005

Total fund balances per fund financial statements	\$ 6,088,216
Capital assets are not reported in fund financial statements because they are not current financial resources, but are reported in the statement of net assets	12,808,583
Investment in joint venture, Gratiot Community Airport, is not included in fund financial statement, but is reported in the statement of net assets	313,353
Certain long-term assets are deferred in fund financial statement because they are not current financial resources, but are reported in the statement of net assets	538,821
Uncollectible receivables are estimated in the statement of net assets, but not in the fund financial statements	(77,698)
Assets and liabilities of internal service funds related to governmental programs are presented in the statement of net assets, but not in the fund financial statements	2,231,845
Certain refunds to component units are required to eliminate internal service fund profits in the statement of net assets, but are not reported in the fund financial statements	(10,378)
Certain liabilities are not reported in the fund financial statement but are reported in the statement of net assets	(858,887)
Interest payable is accrued on long-term debt in the statement of net assets	(9,653)
Net assets for governmental activities	\$ 21,024,202

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2005

	-	General	 Major Streets		na District Department	\$ er/Warwick Special sment Bonds
REVENUES						
Taxes	\$	2,023,766	\$ -	\$	-	\$ •
Licenses and permits		77,492	-		•	-
Intergovernmental revenue		1,294,138	432,069		-	-
Charges for services		190,677	78,897		182,703	86,506
Fines and forfeits		24,493	-		-	-
Investment income		97,466	20,871		6,942	21,142
Rents and other revenue		53,726	3,684		6,415	-
Total revenues		3,761,758	 535,521		196,060	 107,648
EXPENDITURES						
Current:						
Community development	•	536,138	-		-	-
Community safety		1,309,208	-		618,300	-
Property maintenance		504,858			-	-
Transportation		203,537	328,118		-	
Recreation and cultural		532,221	-		-	~
Legislative		125,545	-		-	
Administrative services		313,157	-		-	*
Debt Service:						
Principal		40,000	-		-	75,000
Interest and fiscal charges		10,750	-		-	19,500
Capital improvements		-	-		-	-
Total expenditures		3,575,414	 328,118		618,300	 94,500
Excess (deficiency) revenues over expenditures		186,344	 207,403		(422,240)	 13,148
OTHER FINANCING SOURCES (USES)						
Transfers from		10,100	-		214,055	
Transfers to		(555,110)	(125,000)		-	-
Total other financing		(545,010)	 (125,000)		214,055	 -
Net change in fund balances		(358,666)	82,403		(208,185)	13,148
Beginning fund balances		3,416,026	 708,817		407,774	43,007
Ending fund balances	\$	3,057,360	\$ 791,220	\$	199,589	\$ 56,155

Adams Street Extended Capital Project	xtended Street Millage		Total Governmental Funds		
\$ -	\$ 359,047	\$ 19	\$ 2,382,832		
-	-	-	77,492		
578,527	-	208,641	2,513,375		
-	-	4,869	543,652		
•	-	2,838	27,331		
239	4,161	61,659	212,480		
•	-	8,651	72,476		
578,766	363,208	286,677	5,829,638		
-		20,373	556,511		
•		1,992	1,929,500		
•		074.005	504,858		
•		271,895	803,550		
-		11,500	543,721		
-			125,545 313,157		
			0.10,107		
-		65,000	180,000		
-		19,606	49,856		
573,973	501,565	135,075	1,210,613		
573,973	501,565	525,441	6,217,311		
4,793	(138,357)	(238,764)	(387,673)		
-	-	476,676	700,831		
•	-	(20,721)	(700,831)		
-		455,955	-		
4,793	(138,357)	217,191	(387,673)		
	191,578	1,708,687	6,475,889		
\$ 4,793	\$ 53,221	\$ 1,925,878	\$ 6,088,216		

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2005

Net change in total fund balances per fund financial statements	\$ (387,673)
Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but reported as assets in the statement of net assets	1,366,779
Gain on disposal of capital assets	128,630
Depreciation on capital assets is not reported in the fund financial statements, but is reported in the statement of activities	(801,444)
Principal payments on long term debt are reported in the fund financial statements, but are a reduction in liabilities on the statement of net assets	180,000
Change in compensated absences	15,965
Increase in value in joint venture	2,702
Change in allowance for doubtful accounts	(10,121)
Change in interest payable	(5,474)
The statement of activities includes refunds to bring internal service funds to a break-even operating position	(10,378)
The statement of activities includes interest earned in internal service funds	19,660
The statement of activities includes revenues earned on street opening permits in internal service fund	20,592
The statement of activities includes revenue deferred in the fund financial statements	51,655
Change in net assets of governmental activities	\$ 570,893

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

June 30, 2005

	June 30, 2005				
	Budgeted An	nounts		Budget	Year Ended June-04
	Original	Final	Actual	Variance	Actual
REVENUES					
Taxes	\$1,976,520	\$1,976,520	\$2,023,766	\$47,246	\$1,921,018
Licenses and permits	119,250	119,250	77,492	(41,758)	77,649
Intergovernmental revenue	1,225,500	1,225,500	1,294,138	68,638	1,541,301
Charges for services	65,425	65,425	190,677	125,252	121,107
Fines and forfeits	25,000	25,000	24,493	(507)	21,458
Investment income	80,000	80,000	97,466	17,466	61,432
Rents and other revenue	819,738	819,738	53,726	(766,012)	239,336
Total revenues	4,311,433	4,311,433	3,761,758	(549,675)	3,983,301
EXPENDITURES					
Community Development					
Economic development	885,697	885,697	407,730	(477,967)	392,466
Contribution to Downtown Development Authority	6,000	6,000	-	(6,000)	7,250
Downtown maintenance	55,260	55,260	53,205	(2,055)	55,827
Parking lots	45,000	45,000	43,324	(1,676)	29,783
Zoning	51,798	51,798	31,879	(19,919)	28,783
Total Community Development	1,043,755	1,043,755	536,138	(507,617)	514,109
Community Safety					
Police	1,198,684	1,208,684	1,198,613	(10,071)	1,085,135
Building code enforcement	121,171	121,171	110,595	(10,576)	124,069
Total Community Safety	1,319,855	1,329,855	1,309,208	(20,647)	1,209,204
Property Maintenance					
Cemetery	203,673	203,673	205,371	1,698	167,985
Municipal building	141,479	261,479	223,091	(38,388)	100,473
Forestry	97,406	97,406	76,396	(21,010)	87,919
Total Property Maintenance	442,558	562,558	504,858	(57,700)	356,377
Transportation					
Contribution to Gratiot Community Airport	47,600	47,600	47,600	-	47,600
Sidewalks	97,380	97,380	53,218	(44,162)	149,934
Street lighting	96,458	96,458	102,719	6,261	93,138
Total Transportation	241,438	241,438	203,537	(37,901)	290,672

(Continued)

City of Alma, Michigan Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

(Concluded)

	June 30, 2005								(Concluded)	
		Budgeted	l Amoun	ts				Budget		ar Ended June-04
		Original		Final		Actual	V	ariance		Actual
Recreation and Cultural										
Parks and recreation		267,262		267,262		266,128		(1,134)		212,612
Contribution to Alma Public Library		231,400		231,400		231,400		-		269,641
Alma Public Access studio		41,319		41,319		34,693		(6,626)		46,168
Total Recreation and Cultural		539,981		539,981		532,221		(7,760)		528,421
Legislative Activities										
City commission	\$	51,452	\$	51,452	\$	45,621	\$	(5,831)	\$	33,536
Registration and elections		30,643		50,043		50,050		7		26,958
City clerk		34,971		34,971		29,874		(5,097)		28,869
Total Legislative Activities		117,066		136,466		125,545		(10,921)		89,363
Administrative Services										
City manager		121,380		121,380		113,906		(7,474)		133,875
City treasurer		72,917		72,917		60,691		(12,226)		64,071
Assessor		154,430		154,430		138,560		(15,870)		135,392
Contingency		-						<u> </u>		
Total Administrative Services		348,727		348,727		313,157		(35,570)		333,338
Debt Service						•				
Principal		40,000		40,000		40,000		-		35,000
Interest and fiscal charges		10,600		10,755		10,750		(5)		14,285
Total Debt Service		50,600		50,755		50,750		(5)		49,285
Total expenditures		4,103,980		4,253,535		3,575,414		(678,121)		3,370,769
Excess (deficiency) revenues over expenditures		207,453		57,898		186,344		128,446		612,532
OTHER FINANCING SOURCES (USES)										
Transfers from		15,000		15,000		10,100		(4,900)		9,100
Transfers to		(572,680)		(572,680)		(555,110)		(17,570)		(606,322)
Total other financing		(557,680)		(557,680)		(545,010)		(22,470)		(597,222)
Net change in fund balance		(350,227)		(499,782)		(358,666)		141,116		15,310
Beginning fund balance, restated		3,416,026		3,416,026		3,416,026		-		3,400,716
Ending fund balance	\$	3,065,799	\$	2,916,244	\$	3,057,360	\$	141,116	\$	3,416,026

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Major Street Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

June 30, 2005

			 			٧a	ar Ended		
		Budgeted	i Amount	s		Budget			ar Ended lune-04
		Original	·	Final	Actual	١	ariance		Actual
REVENUES									
Intergovernmental revenue	\$	410,000	\$	410,000	\$ 432,069	\$	22,069	\$	440,690
Charges for services		81,720		81,720	78,897		(2,823)		84,485
Investment income		7,000		7,000	20,871		13,871		7,292
Rent and other revenue		-		-	3,684		3,684		321
Total revenues		498,720		498,720	 535,521		36,801		532,788
EXPENDITURES									
Engineering		35,680		35,680	-		(35,680)		20,709
Michigan trunkline maintenance		87,775		87,523	68,482		(19,041)		80,838
Road and street maintenance		120,570		124,822	155,497		30,675		74,647
Bridge maintenance		900		900	1,111		211		21
Grass and weed control		6,156		6,156	4,741		(1,415)		5,247
Traffic services		39,220		39,220	27,477		(11,743)		29,954
Winter maintenance		34,890		34,890	41,834		6,944		40,062
Construction		-		-	-		-		100,124
Administration		25,248		25,248	28,976		3,728		29,951
Total expenditures		350,439		354,439	 328,118		(26,321)		381,553
Excess (deficiency) revenues over expenditures		148,281		144,281	 207,403		63,122		151,235
OTHER FINANCING SOURCES (USES)									
Transfers from		-		-	~		-		173,581
Transfers to		(125,000)		(125,000)	(125,000)		(125,000)		(80,000)
Total other financing		(125,000)	<u></u>	(125,000)	 (125,000)		-		93,581
Net change in fund balance		23,281		19,281	82,403		63,122		244,816
Beginning fund balance		708,817		708,817	708,817		-		464,001
Ending fund balance	\$	732,098	\$	728,098	\$ 791,220	\$	63,122	\$	708,817

The accompanying notes are an integral part of these financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Alma District Fire Department

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

June 30, 2005

		vane 30, 2003								
		Budgeter riginal	d Amoun	ts Final		Actual		Budget /ariance		ear Ended June-04 Actual
REVENUES		- iginiai		1 11141		- Nottedi	'	allalice		Actual
Intergovernmental revenue	\$	-	\$	_	\$	_	\$	_	\$	
Charges for services		195,682	,	195,682	•	182,703	*	(12,979)	•	182,683
Investment income		5,000		5,000		6,942		1,942		4,780
Rent and other revenue		252,500		252,500		6,415		(246,085)		-
Total revenues		453,182		453,182		196,060		(257,122)		187,463
EXPENDITURES										
Personnel		247,368		247,368		244,902		(2,466)		241,841
Operating and maintenance supplies		41,886		41,886		32,601		(9,285)		27,601
Professional and contractual services		5,900		5,900		3,478		(2,422)		1,809
Internal service charges		28,471		28,471		23,907		(4,564)		19,085
Communications and utilities		10,400		10,400		10,067		(333)		10,346
Insurance and fixed charges		60,687		60,687		52,845		(7,842)		48,053
Capital outlay		435,000		435,000		250,500		-		1,377
Total expenditures		829,712		829,712		618,300		(211,412)		350,112
Excess (deficiency) revenues over expenditures		(376,530)		(376,530)		(422,240)	·-···	(45,710)		(162,649)
OTHER FINANCING SOURCES (USES)										
Transfers from	64	214,055		214,055		214,055				223,454
Net change in fund balances		(162,475)		(162,475)		(208,185)		(45,710)		60,805
Beginning fund balance		407,774		407,774		407,774				346,969
Ending fund balance	\$	245,299	\$	245,299	\$	199,589	\$	(45,710)	\$	407,774

Statement of Net Assets

Proprietary Funds June 30, 2005

Enterprise Funds State Street Transit Wastewater Water Plaza Services Utility Utility **ASSETS** Current Assets: 63,007 90,591 \$ 161,322 19,166 Cash and cash equivalents \$ \$ \$ 557,118 799,602 1,396,436 169,470 Investments Receivables, net 7,415 12,752 168,062 187,498 Due from component unit Due from other units 46,562 12,090 Inventories 3,910 13,152 1,464 11,628 21,329 20,631 Prepaid expenses 629,004 961,135 1,763,149 409,917 Total current assets Noncurrent assets: 170,562 Restricted cash 1,036,110 Capital assets: 62,300 10,000 115,790 Land Construction in progress 87,505 1,045,820 70,096 120,292 Land improvements 20,265 7,150 1,706,606 2,252,878 Buildings and improvements 720,267 17,205 Vehicles and equipment 633,318 418,153 1,002,438 Distribution and collection systems 2,052,672 5,023,688 Less accumulated depreciation (540,019) (245,033) (3,739,630)(5,042,448) Total noncurrent assets 362,840 492,995 3,096,268 3,053,882 Total assets 991,844 1,454,130 4,859,417 3,463,799 LIABILITIES Current liabilities: 1,809 Current payables 333 117,032 31,902 Due to other governments 579 Accrued wages and vacation 26,735 27,594 31,465 70,000 60,000 Current revenue bonds payable Total current liabilities 333 29,123 214,626 123,367 Noncurrent liabilities: 1,908,380 266,182 Bonds payable, net of unamortized discounts Total liabilities 333 29,123 2,123,006 389,549 **NET ASSETS** Invested in capital assets net of related debt 362,840 492,995 81,778 2,557,138 Restricted for debt service 3,292 170,562 Unrestricted 628,671 932,012 346,550 2,651,341 991,511 1,425,007 2,736,411 3,074,250 Total net assets \$ \$ \$

The accompanying notes are an integral part of these financial statements

Sc	olid Waste	 · · · · · · · · · · · · · · · · · · ·	Internal Service		
[Disposal	 Total		Funds	
\$	33,765	\$ 367,851	\$	112,452	
	298,562	3,221,188		994,303	
	80,361	456,088		27,556	
	-	-		13,349	
	-	58,652		-	
	-	17,062		35,833	
	4,700	59,752		87,697	
	417,388	 4,180,593		1,271,190	
		1,206,672		-	
	25,000	213,090		18,894	
	-	1,203,421			
	8,370	156,077			
	_	4,696,956		750,663	
	6,595	2,060,504		3,043,600	
	-	7,076,360			
	(12,107)	(9,579,237)		(2,648,080)	
	27,858	 7,033,843		1,165,077	
	445,246	 11,214,436		2,436,267	
	19,549	170,625		31,006	
	-	579		-	
	69	85,863		110,788	
	-	 130,000		-	
	19,618	 387,067		141,794	
	-	2,174,562		-	
	19,618	 2,561,629		141,794	
	27,858	3,522,609		1,165,077	
	-	173,854		~	
	397,770	4,956,344		1,129,396	
\$	425,628	\$ 8.652.807	\$	2.294.473	

Reconciliation of Proprietary Funds Net Assets To Statement of Net Assets June 30, 2005 Net Assets per fund financial statements \$8,652,807 Internal balances related to internal service funds 73,366 Due from internal service funds 10,378 Net assets for business-type activities \$8,736,551

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For The Year Ended June 30, 2005

			Enterprise Funds			
	State Street Plaza	Transit Services	Wastewater Utility	Water Utility		
OPERATING REVENUES	***************************************	***************************************				
Licenses and permits	\$ -	\$ -	\$ 125	\$ -		
Charges for services	-	64,676	685,843	979,695		
Fines and forfeits	-	-	•	37,581		
Rents and other revenue	39,542	-	-	16,834		
Total operating revenues	39,542	64,676	685,968	1,034,110		
OPERATING EXPENSES						
Plant operations	-	•	223,748	137,860		
Purifications	-	•	169,851	220,559		
Industrial pre-treatment	-	-	5,571	-		
Maintenance of mains	-	-	163,000	227,799		
Refuse collection and disposal	-	_		-		
Recycling		-	-	-		
Yard waste and compost site	-	<u>*</u>	-	-		
Vehicle and facility maintenance	23,256	49,401	-	-		
Transit operations	-	369,940	-	-		
Customer accounting and administration	3,486	123,402	151,114	164,709		
Public works services						
Depreciation	26,519	73,264	144,478	173,268		
Total operating expenses	53,261	616,007	857,762	924,195		
Operating income (loss)	(13,719)	(551,331)	(171,794)	109,915		
NONOPERATING REVENUES (EXPENSES)						
Taxes	-	138,634	-	*		
Intergovernmental revenue	-	439,058	-	ăi.		
Investment income	14,160	22,185	37,755	5,308		
Other revenue	-	5,167	-	-		
Interest expense and fiscal charges	-	-	(6,668)	(18,423)		
Nonoperating revenues (expenses)	14,160	605,044	31,087	(13,115)		
Change in net assets	441	53,713	(140,707)	96,800		
Beginning net assets	991,070	1,371,294	2,877,118	2,977,450		
Ending net assets	\$ 991,511	\$ 1,425,007	\$ 2,736,411	\$ 3,074,250		

The accompanying notes are an integral part of these financial statements

	lid Waste	·····			Internal Service
	Disposal		Total		Funds
\$		\$	125	\$	
Ψ	464,606	Ψ	2,194,820	Ψ	1,772,674
	401,000		37,581		1,772,07-
			56,376		573,099
	464,606		2,288,902		2,345,773
			361 609		
			361,608 390,410		
			5,571		
	-		390,799		
	179,000		179,000		
	55,488		55,488		
	180,275		180,275		
	-		72,657		864,91
	-		369,940		
	26,256		468,967		633,21
					569,23
	659		418,188		250,65
	441,678		2,892,903		2,318,01
	22,928	•	(604,001)		27,76
	•		138,634		
	*		439,058		
	8,189		87,597		19,65
	-		5,167		21,83
	-		(25,091)		
	8,189		645,365		41,49
	31,117		41,364		69,25
	394,511		8,611,443		2,225,218
\$	425,628	\$	8,652,807	\$	2,294,473

Reconciliation of Statement of Revenues, Ex	pens	ses and
Changes in Net Assets of Proprietary F	unds	to
Statement of Activities		
For the Year Ended June 30, 200	5	
Change in net assets per fund	•	44 204
infancial statements	\$	41,364
Internal service charges to break even		10,378
Change in net assets per		
statement of activities	\$	51,742

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2005

13.	rithe Year Ended June 30, 2005					Enterprise Funds			
		te Street Plaza		Transit Services	W	astewater Utility		Water Utility	
CASH FLOWS FROM OPERATING ACTIVITES									
Receipts from customers	\$	39,542	\$	64,897	\$	695,819	\$	1,011,648	
Receipts from other funds and component units		•		-		-			
Payments to vendors		(14,513)		(75,971)		(188,088)		(109,477)	
Payments to employees		(1,281)		(404,369)		(288,666)		(407,100)	
Internal activity-payments to other funds		(12,261)		(43,888)		(121,885)		(54,987)	
Other payments		-		(34,156)		(184,257)		(176,328)	
Net cash provided (used) from operating		11,487		(493,487)		(87,077)		263,756	
CASH FLOWS FROM NONCAPITAL FINANCING									
Subsidies from other governments		-		430,086		-		-	
Receipts from voted millage		-		138,419		-		-	
Net cash provided from noncapital financing		-		568,505		-		<u> </u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Proceeds from issuance of debt		-		-		1,978,290		-	
Capital contributions		-		-		-		9,103	
Acquisitions of capital assets		-		(170,404)		(1,100,748)		(259,538)	
Proceeds from sale of capital assets		-		5,167		-		8,073	
Principal paid on capital debt		-		_		-		(55,000)	
Interest paid on capital debt		-		-		-		(19,895)	
Net cash provided (used) for capital and related financing		-		(165,237)		877,542		(317,257)	
CASH FLOWS FROM INVESTING ACTIVITIES									
Interest and dividends		7,476		11,973		24,586		5,202	
Purchase of investments		(262,093)		(335,646)		(539,289)		(74,682)	
Net cash provided (used) from investing		(254,617)		(323,673)		(514,703)		(69,480)	
Net increase (decrease) in cash		(243,130)		(413,892)		275,762		(122,981)	
Beginning cash balance		306,137		504,483		921,670		312,709	
Ending cash balance	\$	63,007	\$	90,591	\$	1,197,432	\$	189,728	
Reconciliation of operating income to net cash provided by operating ac									
Operating income (loss)	\$	(13,719)		(551,331)		(171,794)		109,915	
Depreciation expense		26,519		73,264		144,478		173,268	
Change in assets and liabilities:									
Decrease in receivables		-		221		1,911		(22,460)	
Increase in inventory		-		-		(44)		702	
Decrease in prepaid expenses		(1,464)		(11,628)		(19,327)		(18,629)	
Increase in accounts payable		151		(4,013)		(42,301)		20,960	
Net cash provided (used) by operating activites	\$	11,487	\$	(493,487)	\$	(87,077)	\$	263,756	

The accompanying notes are an intregal part of these financial statements

Solid Waste Disposal	Total	Internal Service Funds
\$ 470,188	\$ 2,282,094	\$ -
-	-	2,526,191
(242,392)	(630,441)	(339,127
(9,545)	(1,110,961)	(1,389,731)
(117,001)	(350,022)	(121,395
(75,716)	(470,457)	(399,345
25,534	(279,787)	276,593
-	430,086	_
-	138,419	
-	568,505	-
-	1,978,290	-
-	9,103	
	(1,530,690)	(209,100
•	13,240	34,562
-	(55,000)	-
-	(19,895)	
-	395,048	(174,538
4,123	53,360	9,264
(152,975)	(1,364,685)	(537,847
(148,852)	(1,311,325)	(528,583
(123,318)	(627,559)	(426,528
157,083	2,202,082	538,980
\$ 33,765	\$ 1,574,523	\$ 112,452
22,928	(604,001)	27,760
659	418,188	250,656
5,583	(14,745)	(3,415
10.000:	658	-
(3,380)	(54,428)	(66,219
(256)	(25,459)	67,811
\$ 25,534	\$ (279,787)	\$ 276,593

Statement of Fiduciary Net Assets

Agency Fund June 30, 2005

	3()-Jun-05	30-Jun-04		
ASSETS					
Cash and cash equivalents	\$	59,869	\$	221,621	
Investments		199,782		58,214	
Receivables - net		385		11	
Total assets	\$	260,036	\$	279,846	
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current payables	\$	5,251	\$	41,084	
Due to other governments		254,785		126,485	
Due to joint venture		•		112,277	
Total liabilities	\$	260,036	\$	279,846	

The accompanying notes are an integral part of these financial statements

Cash and cash equivalents	\$ 1,707	\$ 7,308	\$ 3,242,527	\$ 1,296,591	\$ 4,548,133
Investments	15,093	64,614	211,032	-	290,739
Taxes receivable	393	_	- -	-	393
Receivables, net	230	659	689	-	1,578
Due from other units	-	-	174,281	84,123	258,404
Inventories	-	_	2,710	-	2,710
Prepaid items	412	_	4,619	20,229	25,260
Noncurrent Assets:					
Net property and equipment	-	-	824,083	3,147,084	3,971,167
Total assets	 17,835	 72,581	4,459,941	 4,548,027	 9,098,384
LIABILITIES					
Current liabilities:					
Current payables	•	-	39,941	24,110	64,051
Due to primary government	-	-	1,469	27,119	28,588
Due to other governments	-	-	-	7,500	7,500
Accrued wages and vacation	2,823	-	35,718	35,957	74,498
Current general obligation bonds payable	-	-	125,000	-	125,000
Noncurrent liabilities:					
Bonds payable, net of unamortized discount	-	-	3,340,000	-	3,340,000
Total liabilities	 2,823	_	 3,542,128	 94,686	 3,639,637
NET ASSETS					
Invested in capital assets	_	-	824,083	3,147,084	3,971,167
Restricted	-	-	39,393	.,, '	39,393
Unrestricted	15,012	72,581	54,337	1,306,257	1,448,187
Total net assets	\$ 15,012	\$ 72,581	\$ 917,813	\$ 4,453,341	 5,458,747

The accompanying notes are an integral part of these financial statements

40
City of Alma
Component Units
Combining Statement of Activities

For The Year Ended June 30, 2005

Alma	Local		
Downtown	Development	Alma	Alma

City of Alma

Combining Statement of Activities Component Units

For The Year Ended June 30, 2005

	Downtown Developmen Authority		Local Development Financing Authority	Alma Public Library	Alma Housing Commission		Total
Expenses	f 20.7	.0.0	6 202.507	r).	•	•	400.000
Community development	\$ 32,5	35	\$ 393,527	\$ -	\$ -	\$	426,062
Recreation and culture		-	-	492,060	-		492,060
Housing and redevelopment		-	•	-	943,362		943,362
Total Component Units	32,5	35	393,527	492,060	943,362		1,861,484
Program revenues:							
Charges for services		-	-	13,018	289,959		302,977
Operating grants and contributions	6,0	000	-	428,647	685,443		1,120,090
Capital grants and contributions		-	•	180,469	-		180,469
Total program revenues	6,0	000	-	622,134	975,402		1,603,536
Net program expense	26,5	35	393,527	(130,074)	(32,040)		257,948
General revenues:							
Property taxes	22,5	39	-	•	-		22,539
Investment income		07	1,378	10,229	16,428		28,542
Other revenue		-	-	1,504	-		1,504
Total general revenue	23,0)46	1,378	11,733	16,428		52,585
Change in net assets	(3,4	189)	(392,149)	141,807	48,468		(205,363)
Beginnning net assets	18,5	501	464,730	776,006	4,404,873		5,664,110
Ending net assets	\$ 15,0	12	\$ 72,581	\$ 917,813	\$ 4,453,341	\$	5,458,747

The accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Located in Gratiot County, Michigan, Alma was settled in 1853 along the banks of the Pine River, became a village in 1872 and was incorporated in 1905 as the City of Alma. Organized under Michigan's Comprehensive Home Rule City Act, the City of Alma is governed by a seven-member City Commission elected by its 9,275 citizens at large. The City Commission selects the Mayor and Vice Mayor from among its members. A City Manager is appointed to administer the business of the City. By charter, City of Alma is a full service city providing police and fire protection, highways and streets, sanitation, water production and distribution, housing, culture, recreation, public improvements, planning, zoning and general administration. The accounting policies of the City of Alma conform to generally accepted accounting principles as applicable to governmental units. Some of the more significant accounting and reporting policies follow:

(A) THE REPORTING ENTITY

The City of Alma has implemented GASB Statement Number 14, <u>The Financial Reporting Entity</u> and the Michigan Department of Treasury <u>Statement on Michigan Governmental Accounting and Auditing No. 5</u>, which define the reporting entity of primary government and component unit activities. The basic criterion for including a department, agency, institution, commission, public authority or other governmental organization in a governmental unit's general purpose financial report is the exercise of financial responsibility over such agencies by the governmental unit's elected officials, the selection of the governing authority, the designation of management, or the ability to exert significant influence on operations.

All component units are presented in a separate column in the government-wide financial statements to emphasize their separate legal status from the primary government. All discretely presented component units have a June 30 year-end.

(i) Discretely Presented Component Units

Alma Downtown Development Authority is responsible for the correction and prevention of deterioration, encouragement of historic preservation, authorization of the creation and implementation of development plans and promotion of economic growth within the central business district. The Mayor appoints the board of the Alma D.D.A. after being ratified by the City Commission. The Alma D.D.A. is legally separate from the City and is fiscally independent of the City. The D.D.A. currently levies a two-mill property tax on the district as authorized by the Alma City Commission. The D.D.A. has been relying on donations and contributions from the City. There are no separate financial statements.

Alma Local Development Finance Authority is responsible for providing infrastructure improvements in Alma's industrial district. A majority of the board of the Alma L.D.F.A. is appointed by the City Manager. The Alma Public School Board and the Gratiot County Board of Commissioners each appoint one member of the board. Projects are restricted to the established development district. The Alma L.D.F.A. is legally separate from the City but the Alma City Commission must approve all debt issues. There are no separate financial statements.

Alma Public Library operates the local library in Alma. The Library Board is appointed by the City Commission. The Library is legally separate from the City; however, any debt issued by the Library must be approved by the Alma City Commission. The Library is funded primarily by contributions from the City and an allocation of penal fines from the district court. There are no separate financial statements.

<u>Alma Housing Commission</u> provides assistance in low income housing by operating subsidized low-income housing and rent vouchers. The Board of the Housing Commission is appointed by the City Manager. The Commission is legally separate from the City. All debt must be approved by the City of Alma. All land used by the Housing Commission is owned by the City. The Commission receives most of its funding from rental income and federal grants. The Housing Commission operates on a January 1 to December 31, fiscal year. For this report, the Housing Commission activity is reported on a July 1 to June 30, basis. Complete financial statements for the Housing Commission can be obtain by writing to:

Ms. Marcia Zimmerman Alma Housing Commission 400 E. Warwick Alma, MI 48801

(ii) Blended Component Units

Alma Building Authority provides bond financing for City of Alma and its component units. The Board is appointed by the Alma City Commission. The Authority is a separate legal entity. With the repayment of the Tartan Terrace Construction bonds, the authority is inactive.

(iii) Joint Ventures

Gratiot Community Airport Commission operates the only public airport in Gratiot County. The City of Alma and Gratiot County each appoint three of the six members of the Gratiot Community Airport Commission. The Commission is responsible for preparing the annual budget (which is approved by the County and the City) and carrying out all activities of the Commission. The Alma City Manager is responsible for the day to day administration and supervision of airport operations. Airport employees are City employees. The City Commission must approve all expenditures over \$1,500.

The County and the City are each responsible for funding 50% of the operational deficits. The land and other property acquired during the term of the agreement are held by the County and the City as tenants in common in such proportions as their contributions in the year of acquisition.

The City maintains the accounting records for the Gratiot Community Airport Commission as part of the General Agency Fund. More details of the Commission are presented at the end of the individual fund statements. The Gratiot Community Airport Commission is a governmental fund type and does not produce separate financial statements.

Gratiot County Central Dispatch Authority is a joint venture between Gratiot County, the State of Michigan, and the Cities of Alma, St. Louis, Ithaca and Breckenridge. The Authority provides emergency dispatch services for all police, fire and rescue services in Gratiot County. The governing board is comprised of 11 members. Gratiot County appoints six board members: the County Sheriff, one township representative, one village representative, one county citizen, and two county commissioners. Each other unit appoints one board member. The Authority is responsible for preparing the annual budget (which must also be approved by Gratiot County) and carrying out all activities of the Authority.

The Authority receives funding from telephone surcharge fees and local contributions. A formula has been established to allocate the local contributions. The financial activities of Gratiot County Central Dispatch Authority are reported in Gratiot County's financial statements as a component unit. Gratiot County Central Dispatch is on an October 1 to September 30, fiscal year. The City has no equity interest in the Dispatch Authority. For the twelve-month fiscal year ending September 30, 2004. There are no separate financial statements produced for Gratiot County Central Dispatch Authority. Copies of Gratiot County financial statements can be obtained by writing:

Ms. Mary Sullivan, County Treasurer Gratiot County P.O. Drawer 437 Ithaca, Michigan 48847

(iv) Joint Operation

Mid-Michigan Area Cable Communications Consortium is a joint operation between twelve mid-Michigan communities with cable franchises granted to Charter Communications Inc. The twelve communities include the Cities of Alma, Clare, Harrison, Ithaca, Mt Pleasant and St Louis, the Villages of Breckenridge, North Star and Shepherd, and the Townships of Arcada, Pine River and The Charter Township of Union. The Consortium is responsible for developing, monitoring, and enforcing the cable ordinance, negotiating and monitoring cable franchise agreements, and, to the extent permitted by federal law, regulating cable rates. The Consortium is responsible for the operation of the public, education and government access channels. Each community is permitted two members of the governing board. The Consortium is responsible for preparing the annual budget.

A formula has been established to allocate the local contributions. There were no local contributions in fiscal year 2004-2005. The financial activities of the Mid-Michigan Area Cable Communication Consortium are no longer maintained by the City of Alma. The Consortium is on a January 1 to December 31, fiscal year. The Mid-Michigan Area Cable Communication Consortium produces separate financial statements. Copies of Mid-Michigan Area Cable Communication Consortium financial statements can be obtained by writing:

Ms. Jan Howard, Executive Director Mid-Michigan Area Cable Consortium 312 West Michigan Street Mt. Pleasant, Ml. 48858

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government of the City of Alma and it component units. For the most part, the effect of inter-fund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The primary government of the City of Alma is reported separately from certain legally separate component units for which the City of Alma is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment income and other items not properly included as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. The Agency fund does not have a measurement focus; however it is subject to the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to offset liabilities of the current period. The City of Alma considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except debt service expenditures, compensated absences, claims and judgments are recorded only when payment is due.

Property taxes, intergovernmental revenues, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The City of Alma reports the following major governmental funds:

The <u>General Fund</u> is the City's primary operating fund used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The <u>Major Streets Fund</u> accounts for the receipt of allocated state shared gas and weight taxes. The expenditure of these funds is restricted to City of Alma streets that have been designated as major by the Michigan Department of Transportation.

The <u>Alma District Fire Department Fund</u> accounts for the activities related to the cost of providing fire protection services to the City of Alma and the townships of Arcada, Pine River, Seville and Sumner. Contributions to the cost of providing services are distributed to the units by a contractually specified formula.

The <u>Heather/Warwick Special Assessment Bonds Fund</u> is used to account for the collection of special assessments and repayment of special assessment bonds issued to extend Heather Lane and Warwick Drive. The bonds are backed by the full faith and credit of the City of Alma.

The <u>Adams Street Extended Capital Project Fund</u> is used to account for the funding and construction of extending and paving Adams Street from Ely Street to Superior Street.

The Neighborhood Street Millage Capital Project Fund is used to account for property taxes collected for the specific purpose of improving local streets within the City of Alma.

The City of Alma reports the following major proprietary funds:

The State Street Plaza Fund accounts for the rental facilities owned and leased by the City.

The <u>Transit Services Fund</u> accounts for the activities of the demand response bus system operated by the City of Alma. The system is supported by federal and state grants, local tax dollars and user fees.

The Wastewater Utility Fund accounts for the activities related to the collection and purification of wastewater.

The Water Utility Fund accounts for the activities related to water production, purification, and distribution.

The <u>Solid Waste Disposal Fund</u> accounts for the activities of collection and disposal of household waste, recyclables, and yard waste.

Additionally, the City of Alma reports the following fund types:

Internal Service Funds are used to account for public works services, fleet maintenance, equipment replacement, engineering services, information systems, accounting, retiree medical insurance, and buildings and grounds maintenance services provided to other departments on a cost reimbursement basis.

The Agency fund is used to collect and distribute State of Michigan, Gratiot County, Alma Public Schools, and Gratiot Isabella Regional Educational School District property tax monies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City of Alma has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions are charges between the Water Fund, Wastewater Fund, the Solid Waste Fund and other functions and segments and payment in lieu of taxes from the Alma Housing Commission. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, including special assessments, 2) operating grants and contributions, and 3) capital grants and contributions. All taxes are reported as general revenue. Examples of program revenues include:

- Cemetery lot sales
- Building permits
- Cable franchise fees

- Fire protection services
- Park shelter reservation fees
- Charges for police accident reports

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City of Alma's policy to use restricted resources first. Unrestricted resources are used as they are needed.

(D) BUDGETS AND BUDGETARY ACCOUNTING

1

Under City Charter, the following budget procedures must be followed:

- 1. The fiscal year shall begin on July 1 and end on June 30th of each year.
- 2. The City Manager shall submit a proposed operating budget to the City Commission by April 20.
- 3. A public hearing must be held before the budget is adopted. The budget hearing must be properly noticed seven days before the hearing.
- 4. The City Commission must adopt the budget by resolution no later than June 1.

Formal budgetary integration is employed as a management control device for all funds except the Agency Fund, permanent funds and two special revenue funds, Law Enforcement Fund and Police and Fire Special Benefit Fund. The budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriation budgets are adopted for the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds. All annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for all Capital Project Funds. In addition, the City Commission approves budgets for two component units: the Alma Public Library and the Alma Downtown Development Authority.

Michigan Public Act 621 governs adoption and amendment of all budgets used by the City. The City was in compliance with Public Act 621 in fiscal year 2004-2005. Public Act 621 requires the City Commission to approve any revisions that alter the total expenditures of any fund. The budget for the General Fund is adopted at the activity level. All other budgets are approved at the fund level. The City Commission must approve any revision that alters the total expenditures above the legal level. For management purposes, the City develops a more detailed budget. The City Manager, or his designee, is authorized to transfer budgeted amounts within these functional areas.

Budgeted amounts are as originally adopted or as amended by the City Commission on June 28, 2005. For the year ending June 30, 2005, the differences in original budget to final budget are displayed in the following table.

Fund Type	Original Budget	Final Budget	Difference
General Fund	\$4,676,660	\$4,826,215	\$149,555
Special Revenue	1,977,290	1,977,290	-0-
Debt Service	186,600	186,600	-0-
Enterprise	2,960,126	2,960,126	-0-
Internal Service	2,314,898	2,314,898	-0-
Component Units	937,244	937,244	-0-
Joint Ventures	203,683	203,683	-0-

The General Fund budget was amended to increase: the Elections budget for the acquisition of voting equipment purchased earlier than expected due to grant availability, the Police budget for overtime incurred as a result of the early retirement of a police officer, the Municipal Building Maintenance budget for the replacement of the roof earlier than expected due to contractor availability. Several General Fund activities finished the fiscal year over the amended budget: Cemetery was over budget by \$1,698, Street Lighting was over budget by \$6,261 and Elections activity was over budget by \$7.

(E) ENCUMBRANCES

Encumbrances represent commitments to unperformed contracts for goods and services. Encumbrances outstanding at year end lapse and are generally re-appropriated as part of the following year's budget.

(F) RECEIVABLES

Receivables have been recognized for all significant amounts due the City. No allowances have been made for uncollectible amounts because most delinquent receivables can be added to the tax roll and become a lien against the property. Allowances for uncollectible personal property taxes have been made in the government-wide financial statements.

(G) INVENTORIES AND PREPAID ITEMS

Inventories of proprietary funds are valued at lower of cost (first-in, first-out) or market. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(H) CAPITAL ASSETS

Capital assets include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Alma as tangible assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

Asset Class	Depreciable life
Land	N/A
Land improvement	10-20 Years
Buildings	10-40 Years
Equipment	5-20 Years
Vehicles	3-10 Years
Utility Systems	10-40 Years
Streets	25 Years
Bridges	25 Years
Sidewalks	50 Years
Library books	20 Years

(I) LONG-TERM LIABILITIES

In the government-wide financial statements and fund financial statements of proprietary fund types, long term debt and obligations are reported as liabilities in the applicable statement of net assets. Bond premiums, discounts, and issuance costs, are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements of governmental fund types, bond premiums, discounts, and issuance costs are reported in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

(J) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

(K) PROPERTY TAXES

City property taxes are assessed as of December 31 and attached as an enforceable lien on property as of July 1 of the following year. The taxes are due without penalty on or before September 15. Real property taxes not collected at March 1 are turned over to Gratiot County for collection. The County advances the City 100% of the delinquent taxes on real property. The City Treasurer is responsible for collecting delinquent personal property taxes, delinquent property taxes on leased land and delinquent industrial facilities property taxes. The City considers property taxes both measurable and available when they are levied on July 1 and recognizes property tax revenue at that time.

The City acts as a collection agent for Gratiot County, Alma Public Schools, and the Gratiot-Isabella Intermediate School District property taxes. Taxes collected on behalf of other units are remitted to those units following collection. The tax collections are received and distributed from an agency fund.

The City collects a 1% property tax administration fee.

(L) COMPARATIVE DATA

Comparative total data for the prior year have been presented in certain accompanying financial statements to provide an understanding of the changes in the City's financial position and operation. However, to facilitate ease of reading, comparative data (i.e. presentation of prior year's data by fund type) have not been displayed in each of the statements. Their inclusion would make the statements unduly complex.

(N) COMPENSATED ABSENCES

The City allows employees to accumulate unused sick leave to a maximum of 720 hours. Sick leave is paid only upon illness while in the employ of the City. Sick leave is not paid upon termination. No provision is made for non-vesting sick leave due to the uncertainty of actual amounts, which may eventually have to be paid.

Earned vacation leave is required to be used within two years of accrual with a maximum carryover of 120 hours. Earned vacation leave is paid upon termination. Accumulated unpaid vacation pay is accrued when incurred in the government wide financial statements and in proprietary fund financial statements. Governmental funds record a liability only if incurred as a result of employee resignations or retirements.

(O) DEPOSITS AND INVESTMENTS

Cash equivalents are defined as all highly liquid investments (including restricted assets) with a maturity of three months or less at time of purchase. All investments are reported at fair value.

(P) RESTRICTED ASSETS

Certain proceeds of the Water Utility Fund's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

NOTE 2 - INVESTMENTS AND DEPOSITS

(A) INVESTMENTS

Under its investment policy, the City restricts its investments to bonds, bills, or notes of the United States; commercial paper rated prime; securities issued or guaranteed by agencies or instrumentalities of the United States; United States government federal agency obligation repurchase agreements composed of eligible collateral whose fair value must be maintained equal to or greater than amounts advanced, and with an undivided interest; bankers' acceptances; and mutual funds and investments pools that are composed entirely of the aforementioned investments that are legal for direct investment by a city.

As of June 30, 2005 the City of Alma had the following investments:

Investment Type	Carrying Value	Weighted Average Maturity (Years)
U.S. Treasuries	\$1,296,845	0.28
GNMA Trust	101,827	2.10
Government Bond Fund	<u>148,808</u>	5.00
Total Carrying Value	\$1,547,480	0.85

Interest Rate Risk

Unless matched to a specific cash flow the City's investment policy restricts investments to one year for governmental fund types, two years for enterprise fund types, and five years for endowment funds. The GNMA & Government Bond Funds are invested for the Cemetery and Library endowment funds.

Credit Risk

The City's investment policy restricts investment in commercial paper to the top investment rating provided by two nationally recognized rating agencies at the time of purchase and requires immediate sale if the principal invested becomes jeopardized. At June 30, 2005, City of Alma is not invested in commercial paper. While the City's investments have not been rated by a rating agency, the GNMA Fund, a federal bond fund, and U.S. Treasuries are all guaranteed by the Federal Government of the United States. This is considered to be the safest category of investment.

Concentration of Credit Risk

The City of Alma uses common checking accounts for several of the operating funds. Each fund's share of the cash balance is reported separately. Surplus funds are invested throughout the year. The City allocates interest earnings in relation to the average cash balance of each fund. Investments are carried at cost as declines in fair values are considered temporary except for investments where the term is for more than twelve months or in the case of mutual funds. Investments in long term investments and mutual funds are recorded at fair value.

<u>Custodial Risk – Investments</u>

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments are is US Government instruments or securities guaranteed by the US Government.

(B) DEPOSITS

Following an Attorney General Opinion, the City restricts its deposits to banks, savings and loan associations or credit unions having their principal office in the State of Michigan. The City Commission has authorized the following financial institutions as depositories for the City of Alma: Firstbank and all holding companies, Commercial Bank, Chemical Bank, National City Bank, LaSalle Bank, Edward Jones Inc., First of America, Flagstar Bank, and Fifth Third Bank.

Custodial Credit Risk - Deposits

For deposits custodial credit risk is the risk that in the event of a bank failure, the government may lose its deposits in that bank. The city's investment policy restricts the amount of deposits in any one financial institution to 50% of the city's total deposits. As of June 30, 2005 the City of Alma had a total of \$14,239,807 of its deposits exposed to custodial credit risk.

(C) YEAR END DEPOSITS

At year-end, the deposits consisted of the following components:

Financial Institution	Carrying Amount	Percentage of Deposits
Firstbank	4,105,683	27.31%
Commercial Bank	4,277,126	28.45%
Chemical Bank	1,247,857	8.30%
Flagstar	4,006,451	26.65%
LaSalle Bank	395,699	2.65%
Fifth Third Bank	296,774	1.97%
Edward Jones	8	0.00%
National City	665,185	4.42%
MMRMA- Insurance Risk Retention	38,310	0.26%
Petty Cash	1,185	0.01%
Total	15,034,278	100.00%

		Carrying Amount		
	Primary Government	Component Units	Fiduciary Fund	Total
Bank deposits	\$2,216,326	\$4,547,883	\$59,869	\$6,824,076
Insurance risk retention escrow	38,310	-	-	38,310
Petty cash	935	250	-	1,185
Cash and cash equivalents	2,255,571	4,548,133	59,869	6,863,573
Longer term CD's	7,739,525	255,571	175,609	8,170,705
Total Year End Deposits	\$9,995,096	\$4,803,704	235,478	\$15,034,278

Seven hundred ninety four thousand four hundred seventy one dollars (\$794,471) of the bank deposits and certificates of deposit were covered by federal depository insurance; \$1,124,329 was collateralized but not insured and \$13,115,478 was uncollateralized and uninsured. The bank balances are categorized below to give an indication of the level of risk assumed by the entity at year-end.

	Bank Balances	Carrying Amount	
Primary Government			
Amount insured by the FDIC	\$591,262	\$591,262	
Uncollateralized and uninsured	10,249,583	9,403,834	
Total Deposits Primary Government	10,840,845	9,995,096	
Investments-Treasuries Primary Government	1,471,830	1,488,139	
Investments & Deposits Primary Government	\$12,312,675	\$11,483,235	

Agency Funds	Bank Balances	Carrying Amount
Amount insured by the FDIC	\$12,247	\$12,247
Uncollateralized and uninsured	254,414	223,231
Total Deposits Agency Funds	266,661	235,478
Investments-Treasuries Agency Funds	24,257	24,173
Investments & Deposits Agency Funds	290,918	259,651
Component Units		
Amount insured by the FDIC	190,962	190,962
Collateralized but not insured	1,124,329	1,124,329
Uncollateralized and uninsured	3,516,341	3,488,412
Total Deposits Component Units	4,831,632	4,803,703
Investment-Treasuries Component Units	35,290	35,168
Investments & Deposits Component Units	\$4,866,922	\$4,838,871
Total Deposits Reporting Entity	\$15,939,138	\$15,034,277
Total Investments Reporting Entity	\$1,531,377	\$1,547,481
Deposits & Investments Reporting Entity	\$17,470,515	\$16,581,758

(D) YEAR END INVESTMENTS

The City's investments are categorized to give an indication of the level of risk assumed by the City of Alma at June 30, 2005:

Category 1 - Insured or registered investments, or securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparty, its trust department or agent in the City's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the counterparty, its trust department or agent but not in the City's name.

	Category 1	Carrying Amount	Carrying Value
Primary Government:			
Primary Government: U.S. Treasuries	\$ 1,237,504	\$1,237,504	\$1,237,504
Unclassified as to risk:			
Primary Government: GNMA Trust		101,827	101,827
Primary Government: Government Bond Fund		148,808	148,808
Total Primary Government	1,237,504	1,488,139	1,488,139
Component Units: U.S. Treasuries	35,168	35,168	35,168
Agency Fund: U.S. Treasuries	24,173	24,173	24,173
Total Reporting Entity	\$ 1,296,845	\$ 1,547,480	\$ 1,547,480
Plus Certificates of Deposits reported as investments:			
Primary Government		7,739,525	7,739,525
Component Units		255,571	255,571
Agency Fund		175,609	175,609
Total Certificates of Deposit reported as investments		\$ 8,170,705	\$ 8,170,705

Investments reported in statements		
Primary Government	9,227,664	9,227,664
Component Units	290,739	290,739
Agency Fund	199,782	199,782
Total Investments reported in Statements	\$ 9,718,185	\$ 9,718,185

NOTE 3 - PENSION PLANS

(A) Municipal Employees Retirement System of Michigan (MERS)

The City of Alma has a defined benefit plan covering all full-time employees. The plan is operated by the Municipal Employees Retirement System (MERS), which is an agent multiple-employer retirement system. MERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to:

Municipal Employees Retirement System of Michigan 447 Canal Road Lansing, MI 48917

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Benefits vest after 10 years of service. Normal retirement is based on one of the following requirements:

- 1. Age 60 with 10 or more years of service.
- 2. Age 55 with 15 or more years of credited service.
- 3. Age 50 with 25 or more years of credited service.

Employees who retire after reaching the qualifying age and years of service are entitled to 2.25% of that member's 3 year final average compensation (FAC) times the number of years of credited service for that member.

The retirement allowance is reduced for employees who retire after reaching requirements two or three by .2 of 1% for each complete month that retirement proceeds the age of 60. Police officers may retire at age 55 with 25 or more years of service without having the retirement allowance reduced. Pension provisions include allowances whereby an employee may terminate employment with the City after accumulating 10 years of service but before reaching age 60 (age 55 or 50 in certain cases). If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching retirement age as discussed above.

Pension provisions include death and disability benefits. A disabled employee is entitled to full benefits after acquiring 10 or more years of credited service. A surviving spouse is entitled to receive 85% of the employee's straight-line life allowance. Children are entitled to 50% of the straight life allowance.

<u>Funding Policy</u>. For the non-union employees, the City Commission has established an employee contribution rate of 5.5% of gross wages to maintain the system. Under an agreement negotiated with the police union, the unionized employees also contribute 5.5% of the employee's gross wages towards the maintenance and operation of the pension program.

<u>Actuarial Assumptions</u>. The actuarial information presented in the required supplementary information was based on the assumptions included below:

Variable	Assumption
Valuation Date	December 31, 2004
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage; open
Amortization period	30 years
Asset valuation method	5-year smoothed market
Investment rate of return	8%

	Projected salary increases*	12.9% to 4.5%
I	* Includes inflation at	4.5%
	Cost-of-living adjustments	None

Annual Pension Cost. For year ended June 30, 2005 the City's annual pension cost was zero for the plan. Due to the funding status with the accelerated funding credit, the City made no contribution during the fiscal year. The pension numbers included are based on the December 31, 2004 actuarial report. Three-year trend information is presented below:

	Fiscal year beginning July 1,					
		2002	2003			2004
Annual required contribution (ARC)	\$	66,846	\$	49,956	\$	36,396
Accelerated Funding Credit		66,846		49,956		36,396
Net required contribution		-0-		-0-		-0-
Percentage of ARC contributed		NA		NA		NA
Net pension obligation		-0-		-0-		-0-
	Calendar year ending December 31,					
		2002		2003		2004
Actuarial value of assets	\$	14,457,361	\$	14,988,769	\$	15,402,864
Actuarial Accrued Liability	\$	13,541,206	\$	14,174,229	\$	15,531,838
Excess Funding	\$	916, 15 5	\$	814,540	\$	(128,974)
Funded ratio		106.8%		105.7%		99.2%
Covered payroll	\$	2,798,598	\$	2,807,398	\$	2,985,693
Excess as a percentage of Covered Payroll		32.7%		29.0%		0.0%

(B) Police Defined Contribution Plan

The Police Defined Contribution Plan is a defined contribution pension plan administered by the ICMA Retirement Corporation through MERS. All full-time sworn union police officers hired after July 28, 1997 received the defined contribution plan instead of the defined benefit plan. As of June 30, 2005, eight officers were participating in the defined contribution plan. Under the contract agreement, the employees contribute 4.65% of gross compensation and the City contributes 5.85% of gross compensation. Over the past year, the employees contributed \$15,971 and the City contributed \$20,093 to the plan. Plan provisions and contribution requirements are established through negotiation between the City and the police unions. The plan can be amended by mutual agreement of the City and the unions.

Middle Tier Police Officers Plan

The Middle Tier Police Officers Plan is a 401A defined contribution plan administered by the ICMA Retirement Corporation. This plan covered all full-time police officers that were hired by July 27 1997 and had less than 20 years of service and were not age 50 or older. This is a supplemental pension plan that is not currently receiving contributions from either the employees or the City. Plan provisions and contribution requirements are established through negotiation between the City and the police unions. The plan can be amended by mutual agreement of the City and the unions.

NOTE 4 - OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 3, the City provides post-employment benefit options for health care to eligible retirees and their dependents. The eligibility criteria include employee age, vesting in the pension system and disability status. The retirees of the police union participate under the terms of the union contract. The general employee retirees receive the benefit as part of the personnel policy approved by the City Commission. The City funds the benefits on a pay as you go basis. Eligible employees are

required to pay the premium for their portion of the costs. There are 22 retirees and 15 dependents currently eligible. Expenses for post-retirement health benefits are recognized, as insurance premiums are due. Retirees pay the cost of their health plan.

NOTE 5 - CAPITAL ASSETS

A summary of changes in governmental activity capital assets including internal service fund capital assets are as follows:

Governmental Activities	June 30,2004	Additions	Deletions	June 30, 2005
Land	\$ 1,851,137	69,015	(564,989)	\$ 1,355,163
Construction in process	31,212	467,280	-0-	498,492
Capital assets not being depreciated	1,882,349	536,295	(564,989)	1,853,655
Land Improvements	1,121,021	8,223	-0-	1,129,244
Streets and bridges	13,617,863	1,075,538	-0-	14,693,401
Sidewalks	995,913	-0-	-0-	995,913
Buildings	1,936,167	14,759	(5,502)	1,945,424
Equipment	1,997,686	201,150	(116,374)	2,082,462
Vehicles	1,993,146	67,109	-0-	2,060,255
Capital assets being depreciated	21,661,796	1,366,779	(121,876)	22,906,699
Less: Accumulated depreciation				
Land improvement	(380,155)	(57,536)	-	(437,691)
Streets and bridges	(5,323,538)	(618,403)	-	(5,941,941)
Sidewalks	(191,261)	(19,949)	-	(211,210)
Buildings	(1,191,354)	(63,215)	5,502	(1,249,067)
Equipment	(1,488,800)	(162,554)	85,418	(1,565,936)
Vehicles	(1,250,406)	(130,443)	-0-	(1,380,849)
Total accumulated depreciation	(9,825,514)	(1,052,100)	90,920	(10,786,694)
Net capital assets being depreciated	11,836,282	314,679	(30,956)	12,120,005
Total Net Capital Assets	\$ 13,718,631	\$850,974	\$(595,945)	\$ 13,973,660

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

Governmental Activity	<u>Amount</u>
Economic Development	\$ 1,618
Community Safety	54,088
Property Maintenance	41,863
Transportation	636,225
Recreation and Cultural	65,267
Legislative	228
Administrative	2,155
Internal service funds charged to above activities	250,656
Total depreciation expense-governmental activities	\$1,052,100

A summary of changes in capital assets for business-type activities is presented below:

Business-type activities	June 30, 2004	Additions	Deletions	June 30, 2005
Land	\$ 213,090	\$ -0-	\$ -0-	\$ 213,090
Construction in process	10,918	1,192,503	-0-	1,203,421
Capital assets not being depreciated	224,008	1,192,503	-0-	1,416,511
Land improvements	156,077	-0-	-0-	156,077
Buildings	4,688,086	8,870	-0-	4,696,956
Equipment	1,920,462	213,398	(73,356)	2,060,504
Utility Systems	6,834,189	242,171	-0-	7,076,360
Capital assets being depreciated	13,598,814	464,439	(73,356)	13,989,907
Total capital assets	13,822,822	1,656,942	(73,356)	15,406,408
Less: accumulated depreciation:				
Land improvements	(151,975)	(13,185)	-0-	(165,160)
Buildings	(3,980,687)	(125,031)	-0-	(4,105,718)
Equipment	(1,169,656)	(117,248)	73,863	(1,213,041)
Utility systems	(3,932,594)	(162,724)	-0-	(4,095,318)
Total accumulated depreciation	(9,234,912)	(418,188)	73,863	(9,579,237)
Net capital assets being depreciated	4,363,902	46,251	507	4,410,660
Total Net Capital Assets	\$ 4,587,910	\$ 1,238,754	\$ 507	\$ 5,827,171

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activity	<u>Amount</u>
State Street Plaza	\$ 26,519
Alma Transit	73,264
Wastewater Utility	144,478
Water Utility	173,268
Solid Waste Disposal	659
Total Business-type activity	\$ 418.188

Summaries of changes in capital assets for component units and joint ventures have been summarized in the tables below:

Alma Public Library

From FY 1992 to present, additions to the library collection are actual cost. Prior to FY1992, the additions to the library collection are stated at estimated historical cost. A summary of the capital asset activity for the Alma Public Library is displayed in the table below:

Alma Public Library	June 30, 2004	June 30, 2004 Additions		June 30, 2005	
Land	\$ 25,000	\$ -0-	\$ -0-	\$ 25,000	
Construction in progress	61,465	186,699	-0-	248,164	
Capital assets not being depreciated	86,465	186,699	-0-	273,164	
Land Improvements	6,221	-0-	-0-	6,221	
Buildings	417,336	-0-	-0-	417,336	
Collection	849,258	33,814	-0-	883,072	
Office furniture/equipment	204,830	-0-	(23,936)	180,894	
Capital assets being depreciated	1,477,645	33,814	(23,936)	1,487,523	
Total capital assets	1,564,110	220,513	(23,936)	1,760,687	
Less: Accumulated depreciation					
Land Improvements	(674)	(311)	-0-	(985)	
Buildings	(230,282)	(9,205)	-0-	(239,487)	
Collection	(475,963)	(43,904)	-0-	(519,867)	
Office furniture/equipment	(196,396)	(3,805)	23,936	(176,265)	
Total accumulated depreciation	(903,315)	(57,224)	23,936	(936,604)	
Net Capital Assets	\$ 660,795	\$ 163,288	\$ -0-	\$ 824,083	

Gratiot Community Airport

A summary of the changes in capital assets associated with the Gratiot Community Airport is presented below:

Gratiot Community Airport	June 30, 2004	Additions	Deletions	June 30, 2005	
Land	\$ 208,000	\$ -0-	\$ -0-	\$ 208,000	
Construction in progress	43,335	6,888	-0-	50,223	
Capital assets not being depreciated	251,335	6,888	-0-	258,223	
Land Improvements	52,184	-0-	-0-	52,184	
Buildings	611,995	30,761	-0-	642,756	
Equipment	40,976	-0-	-0-	40,976	
Capital assets being depreciated	705,155	30,761	-0-	735,916	
Total capital assets	956,490	37,649	-0-	994,139	
Less: Accumulated depreciation		· · · · · · · · · · · · · · · · · · ·	es		
Land Improvements	(15,434)	(3,855)	-0-	(19,289)	
Buildings	(320,660)	(18,173)	-0-	(338,833)	
Equipment	(40,418)	(384)	-0-	(40,802)	
Total accumulated depreciation	(376,512)	(22,412)	-0-	(398,924)	
Net capital assets being depreciated	328,643	8,349	-0-	336,992	
Total Net Capital Assets	\$ 579,978	\$ 15,237	\$0-	\$ 595,215	

Alma Housing Commission

The summary of the changes in capital assets associated with Alma Housing Commission is presented below:

Alma Housing Commission	June 30, 2004	Additions	Deletions	June 30, 2005	
Land	\$ 190,556	\$ -0-	\$ -0-	\$ 190,556	
Capital assets not being depreciated	190,556	-0-	-0-	190,556	
Land improvements	584,517	-0-	-0-	584,517	
Buildings	5,250,437	26,700	-0-	5,277,137	
Equipment	148,837	118,177	-0-	267,014	
Vehicles	87,710	-0-	-0-	87,710	
Capital assets being depreciated	6,071,501	144,877	-0-	6,216,378	
Total capital assets	6,262,057	144,877	-0-	6,406,934	
Less: Accumulated depreciation					
Land improvements	(2,275)	(246)	-0-	(2,521)	
Buildings	(2,877,825)	(196,115)	-0-	(3,073,940)	
Equipment	(115,431)	(3,993)	-0-	(119,424)	
Vehicles	(58,040)	(5,925)	-0-	(63,965)	
Total accumulated depreciation	(3,053,571)	(206,279)	-0-	(3,259,850)	
Net capital assets being depreciated	3,017,930	(61,402)	-0-	2,956,528	
Total Net Capital Assets	\$ 3,208,486	\$ (61,402)	\$ -0-	\$ 3,147,084	

NOTE 6 - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended June 30, 2005:

	At July 1, 2004	Additions	Deductions	At June 30, 2005
Water Revenue Bonds	\$ 385,000	\$ -0-	\$ (55,000)	\$ 330,000
General Obligation Bonds	750,000	5,465,000	(140,000)	6,075,000
Notes Payable	215,000	-0-	(40,000)	175,000
Compensated Absences	57,922	91,224	(75,259)	73,887
As of June 30, 2005	\$ 1,407,922	\$ 5,556,224	\$ (310,259)	\$ 6,653,887

Long-term debt at June 30, 2005 is comprised of the following individual issues:

Business-type Activities:

	Balance at July 1, 2004	Additions	(Deductions)	Balance at June 30, 2005	Due within one year
Business-type Activities					
\$750,000 1995 Water System Revenue Bonds. Bonds due in annual installments of \$55,000 to \$75,000 through May 1, 2010; interest at 4.7% to 5.4%. The Statement of Net Assets also includes accrued interest of \$2,867 and \$3,818 in unamortized bond discount.	\$ 385,000	-0-	\$ (55,000)	\$330,000	\$ 60,000
\$2,000,000 2005 Capital Improvement Limited Tax General Obligation Bonds. Bonds due in annual installments of \$70,000 to \$145,000 through May 1, 2025; interest at 3.75% to 4.3%.	-0- Less discount	\$2,000,000 (21,620)	-0-	\$2,000,000 (21,620)	\$70,000
Less deferred bond discounts	(4,581)	-0-	763	(3,818)	(763)
Total Business-type Activities	\$ 380,419	\$1,978,380	\$(54,237)	\$2,304,562	\$129,237

Governmental Activities:

Governmental Activities Primary Government	Balance as of July 1, 2004	Additions	(Deductions)	Balance as of June 30, 2005	Due within one year
\$375,000 - 2000 Installment Purchase Contract with National City Bank for the acquisition of property for the extension of Heather Lane; interest at 4.93%: General Fund	215,000	-0-	(40,000)	175,000	40,000
\$615,000 General Obligation Bonds Series 2000 A for street construction. Bonds due in annual installments of \$55,000 to \$85,000 through May 2009; interest 4.90% to 5.40; Debt Service Fund	375,000	-0-	(65,000)	310,000	70,000
\$675,000 Special Assessment Bonds, Series 2000 A for street and utility construction. Bonds due in annual installments of \$75,000 through May 2009; interest 4.90% to 5.40%; City has pledged full faith and credit of the		-0-			
City; Debt Service Fund	375,000	-U-	(75,000)	300,000	75,000
Accrued compensated absences- Governmental Funds	57,922	91,224	(75,259)	73,887	73,887
Total Primary Government	\$1,022,922	\$ 91,224	\$ (255,259)	\$858,887	\$258,887

Component Units:

Component Units	Balance as of July 1, 2004	Additions	(Deductions)	Balance as of June 30, 2005	Due within one year
Downtown Development Authority-					
Compensated absences	\$ 1,437	\$ 963	\$ (738)	\$ 1,662	\$1,662
Public Library- Compensated absences	19,477	3,740	(3,348)	19,869	19,869
\$3,500,000 General Obligation Unlimited Tax Bonds for Library Construction. Bonds due in annual installments of \$125,000 to \$250,000	-0-	3,500,000		3,500,000	
through June 2025; interest 4% to 4.35%.	Less discount	(35,000)	-0-	(35,000)	125,000
Housing Commission- Compensated absences	31,957	18,636	(17,193)	33,400	33,400
Total Component Units	\$ 52,871	\$3,488,339	\$ (21,279)	\$3,519,931	\$179,931

The annual requirements to pay future principal and interest are as follows:

Year Endi	ng June 30,	Revenue Bonds	General Obligation Bonds	Special Assessment Bonds	Purchase Contract	Total
	Principal	60,000	265,000	75,000	40,000	440,000
2006	Interest	17,200	232,800	15,750	8,623	274,373
	Total	77,200	497,800	90,750	48,623	714,373
	Principal	60,000	270,000	75,000	45,000	450,000
2007	Interest	14,200	227,285	11,925	6,652	260,062
	Total	74,200	497,285	86,925	51,652	710,062
2008	Principal	65,000	285,000	75,000	45,000	470,000
	Interest	11,140	215,760	8,025	4,435	239,360
	Total	76,140	500.760	83,025	49,435	709,360
	Principal	70,000	295,000	75,000	45,000	485,000
2009	Interest	7,760	203,507	4,050	2,217	217,534
	Total	77,760	498,507	79,050	47,217	702,534
	Principal	75,000	220,000			295,000
2010	Interest	4,050	190,705			194,755
	Total	79,050	410,705			489,755
	Principal		220,000			200,000
2011	Interest		182,105			182,105
	Total		402,105			402,105
2012	Principal		230,000			230,000
	Interest		173,505	-		173,505
	Total		403,505			403,505

	Principal		240,000			240,000
2013 2014 2015 2016 to 2025	Interest		164,518			164,518
	Total		404,518			404,518
	Principal	:	250,000		·	250,000
2014	Interest		155,088			155,088
	Total		405,088			405,088
	Principal		260,000			260,000
2015	Interest		145,268			145,268
	Total		405,268			405,268
	Principal		3,275,000			3,275,000
2016 to 2025	Interest		802,755			802,755
:	Total		4,077,755			4,077,755
	Principal	330,000	5,810,000	300,000	175,000	6,615,000
Total	Interest	54,350	2,693,296	39,750	21,927	2,809,323
	Total	384,350	8,503,296	33,750	196,927	9,424,323

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions. In the governmental activities, compensated absences are generally liquidated by the General Fund.

NOTE 7 -- INTERFUND RECEIVABLES AND PAYABLES

The receivables and payables between the primary government and the component units are as follows:

	Due from Component Units
General Fund – payroll, payables	\$ 27,921
General Fund – internal service charges	1,469
General Fund – insurance	4,935
Administrative Services – insurance	13,349
	Due to Primary Government
Alma Housing Commission - payroll, insurance	\$ 46,205
Alma Public Library - internal service charges	1,469

	Due from Other Funds
General Fund – construction loans	\$ 244,003
	Due to Other Funds
Housing Rehabilitation Fund – ADR home acquisitions	\$ 65,414
Adams Street Extended – construction loan	178,589

During the year, the following transfers were made between funds and component units:

From General Fund To Fire Fund - for operations To Heather/Warwick GO Debt - for debt service To Park Construction - for Phase IV Riverwalk To Two-Way Street Conversion - for construction	\$ 214,055 84,555 16,500 240,000
From Major Street Fund To Local Street Fund - for operations	125,000
From Street Bond Debt Service Fund To Heather/Warwick GO Debt - closure of fund	10,621
From Cemetery Endowment Fund To General Fund - for operations	10,100
Total transfers between funds	<u>\$ 700,831</u>
From General Fund To Alma Public Library - for operations To Downtown Development Authority - for operations	\$ 269,641 6,000
From Local Development Financing Authority To Adams Street Extended – for construction	393,527
From Library Endowment Fund To Alma Public Library - for operations	11,500
Total transfers between primary and component units	<u>\$ 680,668</u>

NOTE 8- RECEIVABLES

Receivables of the primary government have been disaggregated in the table below. All major funds have been shown individually; non major funds are shown in the other line. The agency fund had \$1 in interest receivable.

	Taxes	Utilities	Accounts	Interest	Special Assessment	Development Agreements	Inter- govemmental	Total
General Fund	\$20,581	\$ -0-	\$66,156	\$52,078	\$89,121	\$45,798	\$456,974	\$730,708
Major Streets Fund	-0-	-0-	7,341	9,204	-0-	43,975	85,896	146,416
Alma Fire District	-0-	-0-	-0-	2,801	-0-	-0-	-0-	2,801
Heather/Warwick Special Assessment Bonds	-0-	-0-	-0-	660	238,921	-0-	-0-	239,581
Adams Street Extended	-0-	-0-	-0-	-0-	-0-	-0-	185,000	185,000

Neighborhood Street Millage	3,531	-0-	-0-	1,129	-0-	-0-	-0-	4,660
State Street Plaza	-0-	-0-	-0-	7,415	-0-	-0-	-0-	7,415
Transit	1,390	-0-	-0-	11,362	-0-	-0-	46,561	59,313
Wastewater Utility	-0-	86,710	8,403	15,335	7,294	50,320	12,090	180,152
Water Utility	-0-	141,316	6,922	2,849	36,411	-0-	-0-	187,498
Solid Waste Disposal	-0-	75,746	158	4,457	-0-	-0-	-0-	80,361
Other	1,557	-0-	-0-	21,219	-0-	7,824	66,964	97,564
Totals	\$27,059	\$303,772	\$88,980	\$128,509	\$371,747	\$147,917	\$853,485	\$1,921,469

Delinquent utility bills are placed as a lien against the property and collected in the next year with the property taxes.

At the end of the fiscal year the following components of the receivables are not anticipated to be collected within one year in governmental funds:

	General Fund	Heather/Warwick Special Assessment	Other	Total
Delinquent Taxes	\$ 54,899	\$ -0-	\$ 14,432	\$ 69,331
Special Assessments	55,363	199,772	3,912	259,047
Development Agreements	42,690	-0-	44,456	87,146
Lease Receivable	33,000	-0-	-0-	33,000
Totals	\$ 185,952	\$ 199,772	\$ 62,800	\$ 448,524

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risk of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City is a member of Michigan Municipal Risk Management Authority, a public entity risk pool of cities, counties, authorities, colleges and other local units of government. MMRMA had approximately 346 members as of June 30, 2004. The purpose of the Authority is to provide cooperative and comprehensive risk financing and risk control services for general and automotive liability, motor vehicle physical damage, and property; purchase or otherwise make other provisions for reinsurance, excess insurance or make other provisions for payment of losses and related expenses; and provide claims, legal defense and related general administrative services to members.

The Authority is governed by a nine member Board of Directors composed of local government representatives from the membership elected by the membership. The Board of Directors establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered to impose sanctions or terminate membership.

The City's maximum retention on general liability and auto liability is \$75,000 per occurrence. The retention limit on auto physical damage is \$15,000 per unit and \$30,000 per occurrence after a \$1,000 deductible. The retention limits for property coverage are subject to a \$1,000 deductible with 10% of the first \$100,000 to be paid by the City. At June 30, 2004, the City had funds on deposit of \$29,708 with the Authority in the Member Risk Retention Fund. The City's member reserve for claims related to the City was \$9,000 at June 30, 2004. Claims have not exceeded coverage in any of the prior three fiscal years.

The City used a risk management program for risks associated with the employees' dental insurance program and for a portion of the deductible associated with health insurance program. For employees that selected the Plan B health insurance, the City self-funds the \$400 deductible. A premium is charged to each fund that accounts for full-time employees. The total cost allocated to each of the funds

(allocation is based upon the percentage of each fund's current-year payroll of the City) is calculated using trends in actual claims experience. Liabilities of the program are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. All liabilities are considered current and have not been discounted. The maximum out of pocket cost for the City is \$1,000 for each eligible employee and qualified dependant. Liabilities include an amount for claims that have been incurred but not yet reported (IBNRs).

	Fiscal Year 2	005	Fiscal Year 2004		
Amount of claim liability at July 1	\$	5,000	\$	5,000	
Incurred claims		989		5,190	
Payment on claims		(989)		(5,190)	
Other material items		-0-		-0-	
Amount of claim liability at June 30	\$	5,000	\$	5,000	

Claims have not exceeded insurance coverage in any of the prior three fiscal years.

NOTE 10 - CONTINGENCIES AND COMMITMENTS

(A) GRANTS AND REIMBURSEMENTS

The City has received federal and state grants for specific purposes subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursement would not be material.

(B) POTENTIAL LITIGATION

At June 30, 2005 there are no pending legal actions against the City.

(C) CONSTRUCTION COMMITMENTS

At June 30, 2005, the City has the following construction commitments:

Christman Construction	\$ 87,246
Crawford Contracting, Inc.	80,033
Emergency-One	239,926
Ostrander Roofing	100,400
Smith Electric	8.715

NOTE 11 – BUILDING PERMIT REVENUES AND RELATED EXPENDITURES

Under Public Act 245 of 1999, permit fees for building construction must be restricted to the operation of the enforcing agency. For the fiscal year ending June 30, 2005, the City of Alma collected \$33,313 in building permit fees. For the same time period, the City expended \$110,595. The City subsidized the construction permit program with \$77,282.

NOTE 12 – OPERATING LEASE AGREEMENTS

The City currently has three operating lease agreements, all located in the State Street Plaza. The Secretary of State rents 2,314 square feet at a rate of \$1,000 per month. Their lease expires September 9, 2004. The Gratiot Health Systems and MMACC Public Access share a building. Gratiot Health Systems rents 4,225 square feet at a rate of \$1,903 per month and their lease expires on September 30, 2006. The MMACC Public Access rents 1,232 square feet at a rate of \$375 per month. Their lease expires on December 31, 2004.

Lease Period End		ost	Accumulated Depreciation		Carrying Amount		Contingent Rentals for the Period	
9/30/2009	\$	436,611	\$	254,493	\$	182,118	\$	3,000
9/30/2006		66,734		38,716		28,018		51,375
12/31/2005		19,460		11,564		7,896		2,250

NOTE 13 - PERMANENT FUNDS

The City of Alma has two permanent funds that were created by ordinance by the Alma City Commission. The Cemetery Endowment Fund receives half the proceeds from the sale of grave lots. The Library Endowment Fund was created through donations. The creating ordinances permit up to eighty percent of current interest revenue, excluding any gains or losses recorded to adjust investments to market, to be transferred to the designated activity. The Cemetery Endowment Fund earned \$9,916 in interest revenue in FY2005. Ten thousand one hundred dollars was transferred to the General Fund for cemetery operations. The Library Endowment Fund earned \$28,397 in interest and dividends in FY2005. Eleven thousand, five hundred dollars was transferred to the Alma Public Library for collection purchases. Transfer of funds was made prior to June 30, 2005.

NOTE 14 - PRIOR PERIOD ADJUSTMENTS

In the General Fund there is a prior year adjustment to Payments in Lieu of Taxes in the amount of \$42,791.

REQUIRED SUPPLEMENTARY INFORMATION

City of Alma Required Supplementary Information **Municipal Employees Retirement System** Analysis of Funding Progress 1991-2005

Valuation Date Dec. 31	(1) Net Assets Available For Benefits	(2) Accrued Liabilities	(3) Percent Funded (1)/(2)	(4) Unfunded Actuarial Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded UAL As a Percent of Covered Payroll (4)/(5)
1990	\$ 5,427,511	\$ 3,713,822	146%	\$ (1,713,689)	\$ 1,962,327	-87%
1991	6,089,126	4,060,151	150%	(2,028,975)	2,249,280	-90%
1992	6,677,321	4,513,370	148%	(2,163,951)	2,355,879	-92%
1993	7,287,281	6,727,222	108%	(560,059)	2,408,309	-23%
1994	7,766,771	7,094,841	109%	(671,930)	2,527,507	-27%
1995	8,503,110	7,526,432	113%	(976,678)	2,616,806	-37%
1996	9,307,603	8,132,241	114%	(1,175,362)	2,760,915	-43%
1997	10,278,637	8,571,457	120%	(1,707,180)	2,772,509	-62%
1998	11,416,160	9,480,714	120%	(1,935,446)	3,054,918	-63%
1999	12,976,559	10,045,692	129%	(2,930,867)	2,996,120	-98%
2000	13,947,137	11,798,166	118%	(2,148,971)	2,580,827	-83%
2001	14,526,113	12,784,316	114%	(1 ,741,797)	3,428,095	-51%
2002	14,457,361	13,541,206	107%	(916,155)	3,510,060	-26%
2003	14,988,769	14,174,229	106%	(814,540)	3,557,078	-23%
2004	15,402,864	15,531,838	99%	128,974	3,841,063	3%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND FINANCIAL SCHEDULES

DEBT SERVICE AND CAPITAL POJECTS MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

HEATHER/WARWICK SPECIAL ASSESSMENT BONDS FUND

The City issued special assessment bonds with a pledge of full faith and credit of the City to pay for the private portion of the Warwick Drive and Heather Lane extension project. The bonds are repaid with special assessment collections.

CAPITAL PROJECT FUNDS

ADAMS STREET EXTENDED

The Adams Street Extended fund records the revenues and expenditures associated with construction of Adams Street from Ely Street to Superior Street.

NEIGHBORHOOD STREET MILLAGE

The Neighborhood Street Millage Fund is used to account for activities related to a special voted millage approved by the constituents of Alma for local street maintenance.

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Heather/Warwick Special Assessment Bonds

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	 Budgeted	i Amounts	ŝ		Budget		ar Ended une-04
)riginal		Final	Actual	٧	ariance	Actual
REVENUES	 						
Charges for services	\$ 65,085	\$	65,085	\$ 86,506	\$	21,421	\$ 65,085
Investment income	20,007		20,007	21,142		1,135	24,555
Total revenues	 85,092		85,092	 107,648		22,556	 89,640
EXPENDITURES							
Principal	75,000		75,000	75,000		<u>-</u> -	75,000
Interest expense	19,500		19,500	19,500		-	23,212
Total expenditures	94,500		94,500	 94,500			 98,212
Net change in fund balance	(9,408)		(9,408)	13,148		22,556	(8,572)
Beginning fund balance	 43,007		43,007	43,007		-	51,579
Ending fund balance	\$ 33,599	\$	33,599	\$ 56,155	\$	22,556	\$ 43,007

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Adams Street Extended

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

		Budgeted	f Amount	s				Budget		r Ended me-04
	(Original		Final		Actual	1	/ariance	A	ctual
REVENUES	·									
Intergovernmental	\$	350,000	\$	350,000	\$	578,527	\$	228,527	\$	
Investment income		-		-		239		239		
Total revenues		350,000		350,000		578,766		228,766		<u> </u>
EXPENDITURES										
Engineering		29,800		29,800		46,678		16,878		-
Contruction		682,400		682,400		527,295		(155,105)		-
Total expenditures	***************************************	712,200		712,200		573,973		(138,227)		-
OTHER FINANCING SOURCES (USES)										
Transfers from		362,200		362,200		-		(362,200)		-
Total other financing	***************************************	362,200		362,200				(362,200)		
Net change in fund balance		-		-		4,793		4,793		-
Beginning fund balance		-		-		-		-		
Ending fund balance	\$	-	\$	-	\$	4,793	\$	4,793	\$	

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Neighborhood Street Millage Program

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	 Budgeted	Amount	is	. ".		3udget	ar Ended June-04
	Original		Final	Actual	· v	ariance	Actual
REVENUES	 						
Taxes	\$ 359,033	\$	359,033	\$ 359,047	\$	14	\$ 360,248
Investment income	2,500		2,500	4,161		1,661	2,468
Total revenues	 361,533		361,533	 363,208		1,675	 362,716
EXPENDITURES							
Engineering	104,712		104,712	38,010		(66,702)	31,420
Contruction	433,600		433,600	448,856		15,256	230,209
Administration	14,878		14,878	14,699			5,784
Total expenditures	 553,190		553,190	 501,565		(51,446)	 267,413
Excess (deficiency) revenues over expenditures	(191,657)		(191,657)	(138,357)		53,121	95,303
Net change in fund balance	(191,657)		(191,657)	(138,357)		53,121	95,303
Beginning fund balance	191,578		191,578	191,578		-	 96,275
Ending fund balance	\$ (79)	\$	(79)	\$ 53,221	\$	53,300	\$ 191,578

NON MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are to record the expenditures associated with specific revenues that are legally restricted for specific purposes.

LOCAL STREETS FUND

Activity related to state shared gas and weight tax and grant revenue restricted to the maintenance of local streets has been recorded in the Local Streets Fund.

HOUSING IMPROVEMENT FUND

Federal housing grants were used to make low interest loans to qualifying homeowners. Loan repayments and interest collections are reused for additional housing rehabilitation loans to citizens. Existing loans and new MSHDA grants are accounted for in the Housing Improvement Fund.

PUBLIC SAFETY EMPLOYEES SPECIAL BENEFIT FUND

Donations to and related interest income of the Public Safety Employees Special Benefit Fund are restricted to providing financial assistance to police officers and fire fighters who have suffered total disability or the dependents of those who have been killed in the line of duty while employed by the City.

LAW ENFORCEMENT FUND

This fund is used to account for monies and property confiscated under Federal law during drug law enforcement.

PERMANENT FUNDS

Permanent funds are used to account for endowments where interest earnings may be used, but principal must remain intact.

CEMETERY ENDOWMENT FUND

This fund is used to account for principal and interest received for Riverside Cemetery maintenance. Eighty percent of the annual interest income is transferred to General Fund for maintenance.

LIBRARY ENDOWMENT FUND

This fund is used to account for donations received pursuant to adoption of ordinance number 465. Eighty percent of the annual interest income is transferred to Alma Public Library for collection acquisitions.

DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for payment of general obligation bond principal and interest.

GENERAL OBLIGATION STREET IMPROVEMENT

The reconstruction of Michigan Avenue was financed by an unlimited general obligation bond sale. A special millage is levied to repay the principal and interest on the bonds. The debt repayment activity for this bond issue is recorded in this fund.

ALMA BUILDING AUTHORITY

The payment of principal and interest on Alma Building Authority issued bonds are accounted for in this fund.

HEATHER/WARWICK GENERAL OBLIGATION BONDS

The City issued general obligation bonds to pay for its portion of the Warwick Drive and Heather Lane projects. This fund accounts for all related debt service activity.

CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

PARK CONSTRUCTION PROJECT FUND

The Park Construction Project Fund records the development, improvement, and rehabilitation of City recreation areas. Local and state revenues have financed the current projects.

ONE-WAY STREET CONVERSION PROJECT FUND

The One-Way Street Conversion Project Fund records revenues and expenditures associated with the reconstruction of Superior Street and Center Street to two-way traffic in the central business district.

PINE AVENUE EXTENSION PROJECT FUND

The Pine Avenue Extension Project Fund records the revenues and expenditures associated with the construction of Pine Avenue north of Warwick Drive. The revenues are assessments on developers and transfers from other funds.

Combining Balance Sheet

Nonmajor Governmental Funds June 30, 2005

Special Revenue Funds

		Local Streets	ousing rovement		olic Safety nefit Fund	Law Enforcement		
ASSETS	·		 	-				
Cash and cash equivalents	\$	32,458	\$ -	\$	37,141	\$	350	
Investments		286,992	-		399,029		3,094	
Taxes receivable		1,537	-		-		-	
Receivables, net		4,075	3,151		5,358		11	
Special assessments receivable		-	-		•		-	
Due from other units		27,075	39,889		•		-	
Prepaid items		1,599	3,705		-		-	
Other assets		-	100,377		-		-	
Total assets	\$	353,736	\$ 147,122	\$	441,528	\$	3,455	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Current payables	\$	1,017	\$ 701	\$	-	\$	1,992	
Due to other funds		-	65,414		-		-	
Accrued wages and vacation		-	141		-		-	
Unearned revenue		1,537	-		-		-	
Total liabilities		2,554	 66,256		_		1,992	
Fund balances:								
Reserved for:								
Prepaid items		1,599	3,705		-		_	
Public safety employee benevolent fund		-	-		441,528		-	
Drug enforcement		-	_				1,463	
Perpetual care		_	-		*		-	
Library collection		•	-				-	
Debt service		-	-		•		-	
Unreserved		349,583	77,161		-		-	
Total fund balances	-	351,182	 80,866		441,528		1,463	
Total liabilities and fund balances	\$	353,736	\$ 147,122	\$	441,528	\$	3,455	

Permanent Funds				Debt S	ervice Funds								
	emetery dowment	Library Endowment		Sta	3 GO reet vement	В	Alma uilding uthority	V	eather/ /arwick O Bond	Cons	ark truction oject	CBD One-Wa Streets Conversion	
\$	32,836	\$	4,576	\$	-	\$	10,606	\$	1,155	\$	47	\$	23,852
	368,019		315,305		-		-		10,214		411		210,908
	•		-		-		-		3,701		-		-
	4,787		1,808		-				135		-		-
	-		-		-		-		-		-		•
	-		•		•		-		-		-		-
	•		-		-		•		-		-		~
	~		-		-		-		-		-		-
\$	405,642	\$	321,689	\$	-	\$	10,606	\$	15,205	\$	458	\$	234,760
\$	-	\$	-	\$	-	\$	_	\$	-	\$	191	\$	42
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		3,701		-		-
			_		-	•			3,701		191		42
	_		_		_		-		_				_
	_				-		_		-		-		_
	405,642		-		-		-		_		_		-
	-		321,689		-		_		-		_		-
	-		-		-		10,606		11,504				-
	~		-		-		-		••		267		234,718
	405,642		321,689		-	-	10,606		11,504		267		234,718
\$	405,642	\$	321,689	\$	-	\$	10,606	\$	15,205	\$	458	\$	234,760

				Totals
		Pine Avenue xtended		20 h.m. 05
ASSETS		xtenueu		30-Jun-05
Cash and cash equivalents	\$	7,732	\$	150,753
Investments	*	68,372	Ψ	1,662,344
Taxes receivable		-		5,238
Receivables, net		1,894		21,219
Special assessments receivable		7,824		7,824
Due from other governments		1,02.1		66,964
Prepaid items		_		5,304
Other assets				100,377
Total assets	\$	85,822	\$	2,020,023
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$	11,585	\$	15,528
Due to other funds		-		65,414
Accrued wages and vacation		_		141
Unearned revenue		7,824		13,062
Total liabilities		19,409		94,145
Fund balances:				
Reserved for:		*		
Prepaid items		-		5,304
Public safety employee benevolent fund		-		441,528
Drug enforcement		-		1,463
Perpetual care		-		405,642
Library collection		-		321,689
Debt service		-		22,110
Unreserved		66,413		728,142
Total fund balances		66,413		1,925,878
Total liabilities and fund balances	\$	85,822	\$	2,020,023

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds For The Year Ended June 30, 2005

Special Revenue Funds

	-				 			
	;	Local Streets		ousing rovement	olic Safety nefit Fund	Law Enforcement		
REVENUES	***************************************				 			
Taxes	\$	17	\$	-	\$ -	\$	-	
Intergovernmental revenue		167,366		41,275	-		-	
Charges for services		82		-	-		-	
Fines and forfeits		-		-	-		2,838	
Investment income		7,387		185	10,553		15	
Rent and other revenue		-		7,089	20		-	
Total revenues		174,852		48,549	 10,573		2,853	
EXPENDITURES								
Current:								
Community development		-		20,373	-		-	
Community safety		-		-	-		1,992	
Transportation		271,895		-	-		-	
Recreation and Culture		-		-	-		-	
Capital		-		-	-		-	
Debt Service		-		_	-		-	
Total expenditures		271,895		20,373	 		1,992	
Excess revenues over (under) expenditures		(97,043)		28,176	 10,573		861	
OTHER FINANCING SOURCES (USES)								
Transfers from		125,000		-	-		_	
Transfers to		-		-	-		-	
Total other financing	_	125,000		-	 -			
Net change in fund balances		27,957		28,176	10,573		861	
Beginning fund balance		323,225	_	52,690	430,955		602	
Ending fund balance (deficit)	\$	351,182	\$	80,866	\$ 441,528	\$	1,463	

Permanent Funds					Debt Se	rvice Funds							
	etery wment	Library Endowment			993 GO Street rovement	В	Alma uilding uthority	Heather/ Warwick GO Bond		Park Construction Project		;	One-Way Streets nversion
\$	-	\$	-	\$	-	\$	-	\$	2	\$ -		\$	-
	875		-		• -		-		-		-		-
	-		-		-		-		•		-		-
	9,916		28,397		99		10		157		213		-
	-		542		-		•		=		=		-
	10,791		28,939		99		10		159		213		-
	-		-		-		-		_		-		-
	+		-		-		-		*		-		-
	-		11,500		-		-		*		-		-
	_		-				_		-		16,480		5,282
	-		-		~		-		84,606				-
	-		11,500		_		-		84,606		16,480		5,282
	10,791		17,439		99		10		(84,447)		(16,267)		(5,282)
	-		_		-		_		95,176		16,500		240,000
	(10,100)		-		(10,621)		-		•		-		-
	(10,100)		-		(10,621)		- -		95,176		16,500		240,000
	691		17,439		(10,522)		10		10,729		233		234,718
\$	404,951 405,642	\$	304,250 321,689	\$	10,522	\$	10,596 10,606	\$	775 11,504	\$	34 267	\$	234,718
Ψ	400,042	φ	321,009	Ф	-	Þ	10,000	Φ	11,004	Ф	201	Ð.	234,718

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Nonmajor Governmental Funds For The Year Ended June 30, 2005

				Totals		
	Av	ine renue rended	30-Jun-05			
REVENUES						
Taxes	\$	-	\$	19		
Intergovernmental revenue		-		208,641		
Charges for services		3,912		4,869		
Fines and forfeits		-		2,838		
Investment income		4,727		61,659		
Rent and other revenue		1,000		8,651		
Total revenues	***************************************	9,639		286,677		
EXPENDITURES						
Current:						
Community development		-		20,373		
Community safety		-		1,992		
Transportation		-		271,895		
Recreation and Culture		-		11,500		
Capital		113,313		135,075		
Debt Service		-		84,606		
Total expenditures		113,313		525,441		
Excess revenues over (under) expenditures		(103,674)	<u> </u>	(238,764)		
OTHER FINANCING SOURCES (USES)						
Transfers from		-		476,676		
Transfers to		-		(20,721)		
Total other financing		-		455,955		
Net change in fund balances		(103,674)		217,191		
Beginning fund balance		170,087		1,708,687		
Ending fund balance (deficit)	\$	66,413	\$	1,925,878		

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Local Streets Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	-	Budgeted	l Amauni	_)d		ar Ended lune-04
		Original	Amount	Final	Actual	Budget ariance		Actual
REVENUES					 - Total	 ariditoo		
Taxes	\$	30	\$	30	\$ 17	\$ (13)	\$	50,865
Intergovernmental revenue		165,000		165,000	167,366	2,366		173,008
Charges for services		1,300		1,300	82	(1,218)		870
Investment income		4,000		4,000	7,387	3,387		2,756
Total revenues	***************************************	170,330		170,330	174,852	 4,522		227,499
EXPENDITURES								
Engineering		-		_	1,850	1,850		1,818
Road and street maintenance		235,885		235,885	210,312	(25,573)		164,898
Grass and weed control		5,260		5,260	5,249	(11)		7,008
Traffic services		15,500		15,500	12,527	(2,973)		10,733
Winter maintenance		20,120		20,120	25,872	5,752		21,447
Administration		15,572		15,572	16,085	16,085		16,767
Total expenditures		292,337		292,337	 271,895	 (4,870)		222,671
Excess (deficiency) revenues over expenditures		(122,007)		(122,007)	 (97,043)	 9,392		4,828
OTHER FINANCING SOURCES (USES)								
Transfers from		125,000		125,000	 125,000	 		80,000
Net change in fund balance		2,993		2,993	27,957	24,964		84,828
Beginning fund balance		323,225		323,225	 323,225	-		238,397
Ending fund balance	\$	326,218	\$	326,218	\$ 351,182	\$ 24,964	\$	323,225

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Housing Improvement Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	 Budgeted Amounts						Budget		ar Ended June-04
	 Original		Final		Actual	,	/ariance		Actual
REVENUES	 							<u> </u>	
Intergovernmental revenue	\$ 200,000	\$	200,000	\$	41,275	\$	(158,725)	\$	175,283
Investment income	-		-		185		185		280
Rent and other revenues	20,000		20,000		7,089		7,089		156,436
Total revenues	 220,000		220,000		48,549		(171,451)		331,999
EXPENDITURES							,		
MSHDA ADR program	211,947		211,947		144		(211,803)		330,650
Homeowner rehabilitation program	9,596		9,596		20,229		10,633		32,584
Total expenditures	 221,543		221,543		20,373		(201,170)		363,234
Net change in fund balances	(1,543)		(1,543)		28,176		29,719		(31,235)
Beginning fund balance	52,690		52,690		52,690		-		83,925
Ending fund balance	\$ 51,147	\$	51,147	\$	80,866	\$	29,719	\$	52,690

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

Public Safety Employees Special Benefit Fund For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	\	Budgeted	d Amounts				Budget		ar Ended June-04
		Original		Final	Actual		٧	ariance	Actual
REVENUES									
Investment income	\$	-	\$	-	\$	10,553	\$	10,553	\$ 3,304
Rent and other revenue		-		-		20		20	-
Total revenues		-		-		10,573		10,573	 3,304
EXPENDITURES									
Benefits to employees		-		-		-		•	-
Total expenditures		-		-		-		-	
Net change in fund balance		-		-		10,573		10,573	3,304
Beginning fund balance		430,955		430,955		430,955		-	427,651
Ending fund balance	\$	430,955	\$	430,955	\$	441,528	\$	10,573	\$ 430,955

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Law Enforcement Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

		Budgeted	Amounts				В	udget	Year Ended June-04	
	Or	iginal	F	Final		ctual	Va	riance	4	Actual
REVENUES	-									
Fines and forfeits	\$	-	\$	-	\$	2,838	\$	2,838	\$	936
Investment income		-		-		15		15		26
Total revenues						2,853		2,853		962
EXPENDITURES										
Drug enforcement		•		-		1,992		1,992		4,011
Total expenditures		-		-		1,992		1,992		4,011
Net change in fund balance		-		-		861		861		(3,049)
Beginning fund balance		602		602		602				3,651
Ending fund balance	\$	602	\$	602	\$	1,463	\$	861	\$	602

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

1993 General Obligation Street Improvement Bond

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

		<u></u>	l Amounts			Actual		Budget Variance		ar Ended une-04
		Original		Final	Actual			ariance		Actual
REVENUES										
Taxes	\$	200	\$	200	\$	-	\$	(200)	\$	1,663
Investment income		-		-		99		99		91
Total revenues	-	200		200		99		(101)	-	1,754
OTHER FINANCING SOURCES (USES)										
Transfers to		-		-		(10,621)		(10,621)		-
Net change in fund balance		200		200		(10,522)		(10,722)		1,754
Beginning fund balance		10,522		10,522		10,522		-		8,768
Ending fund balance	\$	10,722	\$	10,722	\$	-	\$	(10,722)	\$	10,522

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Alma Building Authority Bond Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	 Budgeted	l Amounts	1			Bu	dget		r Ended ine-04	
	 Original		Final		Actual		iance	Actual		
REVENUES	 									
Investment income	\$ -	\$	-	\$	10	\$	10	\$	21	
Total revenues	 -		-		10		10		21	
Net change in fund balance	-		-		10		10		21	
Beginning fund balance	 10,596		10,596		10,596		-		10,575	
Ending fund balance	\$ 10,596	\$	10,596	\$	10,606	\$	10	\$	10,596	

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Warwick/Heather General Obligation Bonds

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	Budgeted	s	Budget			Year Ended June-04			
	 Original		Final		Actual		riance		Actual
REVENUES	 								
Taxes	\$ •	\$		\$	2		2	\$	
Investment income	-		-		157		157		-
Total revenues	 -		-		159		159		
EXPENDITURES									
Principal retirement	65,000		65,000		65,000		-		65,000
Interest expense	17,925		17,925		19,606		1,681		22,830
Total expenditures	 82,925		82,925		84,606		1,681		87,830
Excess (deficiency) revenues over expenditures	(82,925)		(82,925)		(84,447)		(1,522)		(87,830)
OTHER FINANCING SOURCES (USES)									
Transfers from	 82,925		82,925	***********	95,176	 	12,251	-	87,768
Net change in fund balance	-		-		10,729		10,729		(62)
Beginning fund balance	775		775	775			-		837
Ending fund balance	\$ 775	\$	775	\$	11,504	\$	10,729	\$	775

ENTERPRISE FUNDS

Enterprise Funds are used for operations that are financed and operated in a manner similar to private business enterprise where the intent of the City Commission is for the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Commission has decided that periodic determination of net income is appropriate for accountability purposes.

STATE STREET PLAZA FUND

The City owns rental property at the 200 block between State and Prospect Streets. The Plaza houses an intermodal transportation center for the Dial-A-Ride service and intercity bus service. The City purchased the plaza with assistance from the Michigan Department of Transportation. Under the terms of the original grant agreement, the plaza operations are maintained in a separate fund.

ALMA TRANSIT FUND

The City runs a Dial-A-Ride service and an intercity bus depot. The Transit Services Fund is supported by user fees, a voted millage, state grants and federal grants.

WASTEWATER UTILITY FUND

The Wastewater utility provides sewage collection and treatment systems to treat and dispose of all wastewater. The Wastewater Utility Fund is supported by user fees.

WATER UTILITY FUND

The Water Utility Fund provides potable water for domestic, commercial and fire protection uses. The fund is supported through user fees and rent.

SOLID WASTE DISPOSAL FUND

The Solid Waste Disposal Fund provides weekly collection and disposal of household refuse, recyclables and yard waste. The fund is supported through user fees.

Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual State Street Plaza

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

OPERATING REVENUES	 Budgeted Original	l Amount	Amounts Final		Actual		Budget Variance		ar Ended une-04 Actual
OPERATING REVENUES	 						4,141,140		
Rent and other revenue	\$ 45,000	\$	45,000	\$	39,542	\$	(5,458)	\$	41,081
Total operating revenues	 45,000		45,000		39,542		(5,458)		41,081
OPERATING EXPENSES									
Buildings and grounds maintenance	28,987		28,987		23,256		(5,731)		19,857
Administration	3,197		3,197		3,486		289		3,285
Depreciation	30,000		30,000		26,519	•	26,519		29,943
Total operating expenses	 62,184		62,184		53,261		21,077		53,085
Operating income (loss)	 (17,184)		(17,184)		(13,719)		(26,535)		(12,004)
NONOPERATING REVENUES (EXPENSES)									
Investment income	10,000		10,000		14,160		4,160		6,444
Total nonoperating revenue (expenses)	10,000		10,000		14,160		4,160		6,444
Change in net assets	(7,184)		(7,184)		441		7,625		(5,560)
Beginning net assets	 991,070		991,070		991,070		-		996,630
Ending net assets	\$ 983,886	\$	983,886	\$	991,511	\$	7,625	\$	991,070

Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual

Transit Services Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

		Budgeted	is		Budget		ar Ended June-04	
	Or	iginal		Final	 Actual		/ariance	 Actual
OPERATING REVENUES								
Charges for services	\$	72,655	\$	72,655	\$ 64,676	\$	(7,979)	\$ 66,534
Total operating revenues		72,655		72,655	 64,676		(7,979)	 66,534
OPERATING EXPENSES								
Operations		335,297		335,297	369,940		34,643	362,461
Building and vehicle maintenance		46,501		46,501	49,401		2,900	49,323
Administration		108,080		108,080	123,402		15,322	123,186
Depreciation		60,000		60,000	73,264		13,264	59,067
Total operating expenses		549,878	_	549,878	 616,007		66,129	 594,037
Operating income (loss)		(477,223)		(477,223)	 (551,331)		(74,108)	 (527,503)
NONOPERATING REVENUES (EXPENSES)								
Taxes		138,388		138,388	138,634		246	139,917
Intergovernmental revenue		269,425		269,425	439,058		169,633	295,538
Investment income		28,000		28,000	22,185		(5,815)	11,835
Rent and other revenue		9,000		9,000	5,167		(3,833)	5,501
Total nonoperating revenues (expenses)		444,813		444,813	 605,044		160,231	 452,791
Income (loss) before contributions		(32,410)		(32,410)	53,713		86,123	(74,712)
Capital grants		157,000		2,128,000	 _		(2,128,000)	 47,765
Change in net assets		124,590		2,095,590	53,713		(2,041,877)	(26,947)
Beginning net assets		1,371,294		1,371,294	1,371,294			1,398,241
Ending net assets	\$	1,495,884	\$	3,466,884	\$ 1,425,007	\$	(2,041,877)	\$ 1,371,294

Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual

Wastewater Utility Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	<u> </u>	Budgeted Original	d Amour	its Final		Actual		Budget ariance		ear Ended June-04 Actual
OPERATING REVENUES										
Licenses and permits	\$	250	\$	250	\$	125	\$	(125)	\$	250
Charges for services		667,600		667,600		685,843		18,243		708,643
Total operating revenues		667,850		667,850		685,968		18,118		708,893
OPERATING EXPENSES										
Plant operations and maintenance		222,225		222,225		223,748		1,523		213,335
Purification		156,977		156,977		169,851		12,874		173,744
Industrial pre-treatment		9,382		9,382		5,571		(3,811)		5,505
Maintenance of city collection system		170,048		170,048		145,367		(24,681)		135,494
Maintenance of township collection system		32,153		32,153		17,633		(14,520)		20,928
Administration		126,168		126,168		129,545		3,377		107,631
Customer accounting		27,037		27,037		21,569		(5,468)		62,689
Depreciation		138,000		138,000		144,478		6,478		136,785
Total operating expenses		881,990		881,990		857,762		(24,228)		856,111
Operating income (loss)		(214,140)		(214,140)		(171,794)		42,346		(147,218)
NONOPERATING REVENUES (EXPENSES)										
Investment income		23,210		23,210		37,755		14,545		23,588
Interest and paying agent fees		-		-		(6,668)		(6,668)		302
Total nonoperating revenue (expenses)		23,210		23,210		31,087		7,877		23,890
Change in net assets		(190,930)		(190,930)		(140,707)		50,223		(123,328)
Beginning net assets		2,877,118		2,877,118		2,877,118				3,000,446
Ending net assets	\$	2,686,188	\$	2,686,188	\$	2,736,411	\$	50,223	\$	2,877,118

City of Alma, Michigan Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual Water Utility Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	 Dudusta		4-			 Dust and	ear Ended
	 Budgeted Original	Amoun	Final		Actual	Budget /ariance	June-04 Actual
OPERATING REVENUES	 						
Charges for services	\$ 1,003,500	\$	1,003,500	\$	979,695	\$ (23,805)	\$ 1,032,119
Fines and forfeits	40,000		40,000		37,581	(2,419)	38,025
Rent and other revenue	30,000		30,000		16,834	(13,166)	33,526
Total operating revenues	 1,073,500		1,073,500	_	1,034,110	 (39,390)	 1,103,670
OPERATING EXPENSES							
Plant operations and maintenance	160,540		160,540		137,860	(22,680)	160,329
Purification	186,679		186,679		220,559	33,880	212,869
Engineering	-		-		-	-	200
Maintenance of mains	304,663		304,663		227,799	(76,864)	237,770
Administration	140,399		140,399		145,014	4,615	129,803
Customer accounting	26,578		26,578		19,695	(6,883)	60,823
Depreciation	165,000		165,000		173,268	8,268	168,793
Total operating expenses	 983,859		983,859		924,195	 (59,664)	 970,587
Operating income (loss)	 89,641		89,641		109,915	 20,274	 133,083
NONOPERATING REVENUES (EXPENSES)							
Investment income	5,000		5,000		5,308	308	3,227
Interest expense and fiscal charges	(20,145)		(20,145)		(18,423)	1,722	(22,549)
Total nonoperating revenue (expenses)	 (15,145)	<u></u>	(15,145)		(13,115)	 2,030	 (19,322)
Change in net assets	74,496		74,496		96,800	22,304	113,761
Beginning net assets	 2,977,450		2,977,450		2,977,450	 <u>-</u>	 2,863,689
Ending net assets	\$ 3,051,946	\$	3,051,946	\$	3,074,250	\$ 22,304	\$ 2,977,450

Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual

Solid Waste Disposal Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	Budgeted Amounts					Budget		ar Ended June-04
		Original		Final	Actual		ariance	Actual
OPERATING REVENUES			•					
Charges for services	\$	471,370	\$	471,370	\$ 464,606	\$	(6,764)	\$ 473,052
Total operating revenues		471,370		471,370	 464,606		(6,764)	 473,052
OPERATING EXPENSES								
Refuse collection and disposal		177,440		177,440	179,000		1,560	159,139
Recycling		71,126		71,126	55,488		(15,638)	110,840
Yard waste and compost site		174,015		174,015	180,275			189,032
Administration		13,428		13,428	21,356		7,928	10,325
Customer accounting		10,229		10,229	4,900		(5,329)	30,978
Depreciation		700		700	659		(41)	659
Total operating expenses		446,938		446,938	 441,678		(11,520)	 500,973
Operating income (loss)		24,432		24,432	 22,928		4,756	 (27,921)
NONOPERATING REVENUES (EXPENSES)								
Investment income		6,000		6,000	8,189		2,189	3,658
Total nonoperating revenue (expenses)		6,000		6,000	 8,189		2,189	 3,658
Change in net assets		30,432		30,432	31,117		685	(24,263)
Beginning net assets		394,511		394,511	394,511		<u>.</u>	418,774
Ending net assets	\$	424,943	\$	424,943	\$ 425,628	\$	685	\$ 394,511

INTERNAL SERVICE FUNDS

The financing of selected goods and services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis are recorded in Internal Service Funds.

ADMINISTRATIVE SERVICES FUND

General and administrative charges such as insurance, data processing, accounting and engineering are recorded in the Administrative Services Fund. The other funds are charged for their share of the administrative services.

BUILDING AND GROUNDS MAINTENANCE FUND

All costs related to the building and grounds maintenance are accounted for in the Building and Grounds Maintenance Fund. Other funds are charged based on the number of hours of maintenance used.

EQUIPMENT POOL AND CENTRAL GARAGE FUND

The equipment pool and central garage owns most of the vehicles and similar equipment. The fund charges rent to the other departments for use of the equipment. The fund also provides maintenance of equipment for non-participating funds in return for a charge for service. The municipal services department also operates through this fund. Other funds are charged at an hourly rate for maintenance services provided.

City of Alma, Michigan Combining Statement of Net Assets

Internal Service Funds

June 30, 2005, with Comparative Totals for June 30, 2004

		Buildings	Equipment Pool and	Totals			
	Administrative Services	and Grounds Maintenance	Central Garage	30-Jun-05	30-Jun-04		
ASSETS	44. 44. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4. 4.			,			
Current assets:							
Cash and cash equivalents	\$ 12,750	\$ 4,692	\$ 95,010	\$ 112,452	\$ 538,980		
Investments	112,737	41,483	840,083	994,303	456,456		
Receivables, net	17,770	-	9,786	27,556	22,695		
Due from other units	13,349	•		13,349	4,475		
Inventory	-	-	35,833	35,833	36,353		
Prepaid items	53,839	8,724	25,134	87,697	20,957		
Total current assets	210,445	54,899	1,005,846	1,271,190	1,079,916		
Noncurrent assets:							
Land and land improvements	-	-	18,894	18,894	18,894		
Buildings and improvements	•	285,748	464,915	750,663	611,959		
Vehicles and equipment	724,536	19,142	2,299,922	3,043,600	2,909,653		
Less accumulated depreciation	(619,663)	(180,609)	(1,847,808)	(2,648,080)	(2,321,147)		
Total noncurrent assets	104,873	124,281	935,923	1,165,077	1,219,359		
Total assets	315,318	179,180	1,941,769	2,436,267	2,299,275		
LIABILITIES							
Current liabilities:							
Current payables	9,802	2,766	18,438	31,006	24,235		
Accrued wages and vacation	51,034	22,243	37,511	110,788	49,822		
Total liabilities	60,836	25,009	55,949	141,794	74,057		
NET ASSETS							
Invested in capital assets	104,873	124,281	935,923	1,165,077	1,219,359		
Unrestricted	149,609	29,890	949,897	1,129,396	1,005,859		
Total net assets	\$ 254,482	\$ 154,171	\$ 1,885,820	\$ 2,294,473	2,225,218		

Combining Statement of Revenues, Expenses and Changes in Net Assets

Internal Service Funds

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

			Buildings		Equipment Pool and		Totals				
		ninistrative Services	and	d Grounds		Central Garage		30-Jun-05		30-Jun-04	
OPERATING REVENUES											
Internal service charges	\$	646,241	\$	531,497	\$	594,936	\$	1,772,674	\$	1,520,255	
Equipment rent		•		-		573,099		573,099		542,639	
Total operating revenues		646,241		531,497		1,168,035		2,345,773		2,062,894	
OPERATING EXPENSES											
Accounting services		305,520		-		-		305,520		278,169	
Information systems		104,318		-		_		104,318		95,228	
Engineering		147,638		-		-		147,638		134,147	
Buildings/grounds maintenance services				518,987		_		518,987		481,127	
Public works services		-				569,232		569,232		487,645	
Equipment maintenance		-		_		345,927		345,927		358,312	
Administration		27,913		-		48,021		75,934		62,836	
Retiree health insurance		(199)				-		(199)		1,236	
Depreciation		63,129		11,355		176,172		250,656		244,426	
Total operating expenses		648,319		530,342		1,139,352		2,318,013		2,143,126	
Operating income (loss)		(2,078)		1,155		28,683		27,760		(80,232)	
NONOPERATING REVENUES (EXPENSES)											
Investment income		2,036		-		17,623		19,659		10,864	
Other revenue		-		-		21,836		21,836		10,390	
Nonoperating revenues (expenses)		2,036		-		39,459		41,495		21,254	
Change in net assets		(42)		1,155		68,142		69,255		(58,978)	
Beginning net assets		254,524		153,016		1,817,678		2,225,218		2,284,196	
Ending net assets	\$	254,482	\$	154,171	\$	1,885,820	\$	2,294,473	\$	2,225,218	

Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	Administrative		Buildings Administrative and Grounds		Equipment Pool and		Totals				
		ninistrative Services	Maintenance		Central Garage		30-Jun-05		30-Jun-04		
CASH FLOWS FROM OPERATING ACTIVITES										-	
Receipts from customers	\$	826,617	\$	531,497	\$	1,168,077	\$	2,526,191	\$	2,057,032	
Payments to vendors		(119,823)		(37,069)		(182,235)		(339, 127)		(366,911)	
Payments to employees		(428,031)		(381,522)		(580,178)		(1,389,731)		(1,324,732)	
Internal activity-payments to other funds		-		(25,663)		(95,732)		(121,395)		(112,614)	
Other payments		(230,656)		(78,220)		(90,469)		(399,345)		(72,245)	
Net cash provided (used) from operating		48,107		9,023		219,463		276,593		180,530	
CASH FLOWS FROM CAPITAL AND RELATED FINANCI	NG ACT	IVITIES									
Acquisitions of capital assets		(41,438)		(9,879)		(157,783)		(209,100)		(362,628)	
Proceeds from sales of capital assets		•		-		34,562		34,562		25,250	
Net cash used for capital and related financing		(41,438)		(9,879)	_	(123,221)		(174,538)		(337,378)	
CASH FLOWS FROM INVESTING ACTIVITIES											
Investment income		496		4		8,764		9,264		12,142	
Purchase of investments		(64,392)		(31,943)		(441,512)		(537,847)		33,543	
Net cash provided (used) from investing		(63,896)		(31,939)		(432,748)		(528,583)		45,685	
Net increase (decrease) in cash		(57,227)		(32,795)		(336,506)		(426,528)		(111,163)	
Beginning cash balance		69,977		37,487		431,516		538,980		650,143	
Ending cash balance	\$	12,750	\$	4,692	\$	95,010	\$	112,452	\$	538,980	
Reconciliation of operating income to net cash provide	d by ope	erating activitie	s								
Operating income	\$	(2,078)	\$	1,155	\$	28,683	\$	27,760	\$	(80,232)	
Depreciation expense		63,129		11,355		176,172		250,656		244,426	
Change in assets and liabilities:											
Decrease in receivables		(3,457)		-		42		(3,415)		(5,862)	
Decrease in inventory and prepaid expense		(32,882)		(8,724)		(24,613)		(66,219)		17,172	
Increase in accounts payable		23,395		5,237		39,179		67,811		5,026	
Net cash provided by operating activites	\$	48,107	\$	9,023	\$	219,463	\$	276,593	\$	180,530	

Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual

Administrative Services Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	•								Ye	ar Ended	
		Budgeted	Amount			Actual		Budget Variance		June-04 Actual	
-		Original		Final							
OPERATING REVENUES											
Internal service charges	\$	788,504	\$	788,504	\$	646,241	\$	(142,263)	\$	635,707	
Total operating revenues	*******	788,504		788,504		646,241		(142,263)		635,707	
OPERATING EXPENSES											
Accounting		336,015		336,015		305,520		(30,495)		278,169	
Information systems		118,213		118,213		104,318		(13,895)		95,228	
Engineering		239,881		239,881		147,638		(92,243)		134,147	
Administration		49,365		49,365		27,913		(21,452)		23,656	
Retiree health insurance		-		-		(199)		(199)		1,236	
Depreciation		59,000		59,000		63,129		63,129		67,050	
Total operating expenses		802,474		802,474		648,319		(95,155)		599,486	
Operating income (loss)	<u></u>	(13,970)		(13,970)		(2,078)		(47,108)		36,221	
NONOPERATING REVENUES (EXPENSES)											
Investment income		-		-		2,036		2,036		955	
Nonoperating revenues (expenses)		-	-	-		2,036		2,036		955	
Change in net assets		(13,970)		(13,970)		(42)		13,928		37,176	
Beginning net assets		13,928		254,524		254,524		-		217,348	
Ending net assets	\$	(42)	\$	240,554	\$	254,482	\$	13,928	\$	254,524	

Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual

Buildings and Grounds Maintenance Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

		Budgeted	s			Budget		Year Ended June-04		
		Original		Final	Actual		Variance		Actual	
OPERATING REVENUES										
Internal service charges	\$	501,364	\$	501,364	\$	531,497	\$	30,133	\$	420,247
Total operating revenues	 	501,364		501,364		531,497		30,133		420,247
OPERATING EXPENSES										
Buildings and grounds maintenance		531,664		531,664		518,987		(12,677)		481,127
Depreciation		8,000		8,000		11,355		11,355		5,751
Total operating expenses		539,664		539,664		530,342		(1,322)		486,878
Operating income (loss)	***************************************	(38,300)		(38,300)		1,155		31,455		(66,631)
NONOPERATING REVENUES (EXPENSES)										
Investment income		2,500		2,500		-		(2,500)		872
Nonoperating revenues (expenses)	-	2,500		2,500		-		(2,500)		872
Change in net assets		(35,800)		(35,800)		1,155		36,955		(65,759)
Beginning net assets		36,955		153,016		153,016		<u>-</u>		218,775
Ending net assets	\$	1,155	\$	117,216	\$	154,171	\$	36,955	\$	153,016

City of Alma

Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual

Equipment Pool and Central Garage Fund

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

	 Budgete	its			Budget		Year Ended June-04		
	 Original		Final		Actual		/ariance		Actual
OPERATING REVENUES	 								
Charges for services	\$ 449,450	\$	449,450	\$	594,936	\$	145,486	\$	464,301
Equipment rental	632,315		632,315		573,099		(59,216)		542,639
Total operating revenues	 1,081,765		1,081,765		1,168,035		86,270	•	1,006,940
OPERATING EXPENSES									
Facility maintenance	38,712		38,712		48,021		9,309		39,180
Public works services	487,297		487,297		569,232		81,935		487,645
Equipment maintenance	346,345		346,345		345,927		(418)		358,312
Depreciation	175,000		175,000		176,172		1,172		171,625
Total operating expenses	 1,047,354	******	1,047,354		1,139,352		91,998		1,056,762
Operating income (loss)	 34,411		34,411		28,683		(5,728)		(49,822)
NONOPERATING REVENUES (EXPENSES)									
Investment income	15,000		15,000		17,623		2,623		9,037
Gain on sale of capital assets	-		-		21,836		21,836		10,390
Nonoperating revenues (expenses)	 15,000		15,000		39,459		24,459		19,427
Change in net assets	49,411		49,411		68,142		18,731		(30,395)
Beginning net assets	 1,817,678		1,817,678		1,817,678		-		1,848,073
Ending net assets	\$ 1,867,089	\$	1,867,089	\$	1,885,820	\$	18,731	\$	1,817,678

AGENCY FUND

Agency Funds are used to account for assets held by the City as an agency for individuals, private organizations other governments and/or funds.

GENERAL AGENCY FUND

Monies collected on behalf of the City and other entities are received and disbursed through the General Agency Fund. The Gratiot Community Airport Commission is consolidated in the General Agency Fund. More detailed schedules of activity for the Gratiot Community Airport Commission are included in the footnotes. There is a section for the joint venture included after the combining statements for the City.

Schedule of Changes in Assets and Liabilities

Agency Fund

For The Year Ended June 30, 2005

	Balance 6/30/2004		Additions	 Deletions	Balance 6/30/2005		
ASSETS							
Cash and investments	\$ 279,835	\$	5,095,106	\$ (5,115,290)	\$	259,651	
Receivables, net	11		743	(369)		385	
Total assets	\$ 279,846	\$	5,095,849	\$ (5,115,659)	\$	260,036	
LIABILITIES							
Current payables	\$ 41,084	\$	22,538	\$ (58,371)	\$	5,251	
Due to other governments	126,485		5,100,611	(4,972,311)		254,785	
Due to joint venture	112,277		-	(112,277)		-	
Total liabilities	\$ 279,846	\$	5,123,149	\$ (5,142,959)	\$	260,036	

COMPONENT UNITS

ALMA DOWNTOWN DEVELOPMENT AUTHORITY

The Alma Downtown Development Authority is responsible for the correction and prevention of the deterioration of the central business district, to encourage historic preservation, to authorize the creation and implementation of development plans within the business district and to promote the economic growth of the business district.

ALMA LOCAL DEVELOPMENT FINANCING AUTHORITY

The Local Development Financing Authority is responsible for providing infrastructure improvements in Alma's industrial district.

ALMA PUBLIC LIBRARY

The Alma Public Library receives revenues from the state, private donations, and penal fine distributions. The City of Alma, the primary government, also contributes to the Library.

ALMA HOUSING COMMISSION

The Alma Housing Commission provides low income housing by operating subsidized low-income housing and rent youchers.

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Downtown Development Authority

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

		Budgeted	Amounts				E	3udget		ar Ended une-04	
	C	riginal		Final		Actual		Variance		Actual	
REVENUES											
Taxes	\$	22,550	\$	22,550	\$	22,539	\$	(11)	\$	22,661	
City of Alma contribution		6,000		6,000		6,000		-		7,250	
Charges for services		500		500		-		(500)		-	
Investment income		500		500		507		7		296	
Rent and other revenue		12,000		12,000		-		(12,000)		-	
Total revenues		41,550		41,550		29,046		(12,504)		30,207	
EXPENDITURES											
Personnel		22,549		22,549		23,012		463		25,131	
Operating and maintenance		2,000		2,000		842		(1,158)		1,215	
Contractual and professional		17,200		17,200		5,167		(12,033)		810	
Internal service charges		2,797		2,797		2,796		(1)		3,780	
Communications and utilities		250		250		11		(239)		93	
Insurance and equipment rent		614		614		707		93		707	
Total expenditures		45,410		45,410		32,535		(12,875)		31,736	
Change in fund balance		(3,860)		(3,860)		(3,489)		371		(1,529)	
Beginning fund balance		18,501		18,501		18,501		-		20,030	
Ending fund balance		\$14,641		\$14,641		\$15,012		\$371	\$	18,501	

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

Local Development Financing Authority

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004 $\,$

	04110 00, 2000									
		Budgeted Original	f Amounts	i Final	Actual		Budget Variance		Year Ended June-04 Actual	
REVENUES								ununoo		
Investment income	\$	7,000	\$	7,000	\$	1,378	\$	(5,622)	\$	5,018
Total operating revenues		7,000		7,000		1,378		(5,622)		5,018
EXPENDITURES										
Contribution to Adams Street Extended		362,200		362,200		393,527		31,327		519
Total expenditures		362,200	***************************************	362,200		393,527		31,327		519
Excess (deficiency) revenues over expenditures		(355,200)		(355,200)		(392,149)		(36,949)		4,499
Net change in fund balance		(355,200)		(355,200)		(392,149)		(36,949)		4,499
Beginning fund balance		464,730		464,730		464,730		n.		460,231
Ending fund balance		109,530		109,530		72,581		(36,949)	\$	464,730

Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual Alma Public Library

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

		Budgeted	l Amount	ts		Budget	ar Ended June-04
		Original		Final	 Actual	 ariance	 Actual
REVENUES							
Intergovernmental	\$	446,900	\$	446,900	\$ 428,647	\$ (18,253)	\$ 466,610
Charges for services		17,600		17,600	13,018	(4,582)	13,992
Investment income		2,000		2,000	10,229	8,229	1,636
Rent and other revenue		2,100		2,100	181,973	179,873	30,647
Total revenues		468,600		468,600	 633,867	 165,267	 512,885
EXPENSES							
Current:							
Facility maintenance		24,687		24,687	19,335	(5,352)	16,731
Library services		383,097		383,097	403,563	20,466	465,701
Depreciation		104,800		104,800	57,227	(47,573)	59,320
Interest on bonds		-		-	11,935	11,935	-
Total expenses	*****	512,584		512,584	 492,060	 (20,524)	 541,752
Change in net assets		(43,984)		(43,984)	141,807	185,791	(28,867)
Beginning net assets, as restated		776,006		776,006	776,006	~	804,873
Ending net assets	\$	732,022	\$	732,022	\$ 917,813	\$ 185,791	\$ 776,006

JOINT VENTURE

GRATIOT COMMUNITY AIRPORT

The Gratiot Community Airport is a joint venture between the City of Alma and Gratiot County. The City maintains the accounting records for the joint venture.

City of Alma, Michigan

Comparative Statement of Net Assets

Gratiot Community Airport

June 30, 2005, with Comparative Totals for June 30, 2004

	30-Jun-05	30-Jun-04	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 11,427	\$ 49,039	
Investments	101,034	47,260	
Receivables, net	29,926	29,639	
Due from other units	28,028	16,071	
Prepaid items	2,387	-	
Total current assets	172,802	142,009	
Noncurrent assets:			
Land	208,000	208,000	
Construction in progress	50,223	43,336	
Land Improvements	52,184	52,184	
Buildings and Improvements	642,756	611,995	
Equipment	40,976	40,976	
Less accumulated depreciation	(398,924)	(376,512)	
Total noncurrent assets	595,215	579,979	
Total assets	768,017	721,988	
LIABILITIES			
Current liabilities:			
Current payables	5,772	2,853	
Accrued wages and vacation	58	-	
Total liabilities	5,830	2,853	
NET ASSETS			
Invested in capital assets	595,215	579,979	
Unrestricted	166,972	139,156	
Total net assets	\$ 762,187	\$ 719,135	

Schedule of Revenues, Expenses and Changes in Net Assets

Budget and Actual

Gratiot Community Airport

For The Year Ended June 30, 2005, with Comparative Totals for June 30, 2004

		Budgeted Amounts			3udget	Year Ended June-04		
		Original		Final	Actual	ariance		Actual
REVENUES					 			
Licenses and permits	\$	200	\$	200	\$ 100	\$ (100)	\$	200
Intergovernmental		95,200		95,200	113,237	18,037		111,421
Investment income		2,000		2,000	2,197	197		1,559
Rent and other revenue		48,673		48,673	54,552	5,879		55,125
Total operating revenues		146,073	•	146,073	 170,086	 24,013	····	168,305
EXPENSES								
Current:								
Facility maintenance	*	24,159		24,159	7,861	(16,298)		7,556
Winter maintenance		19,736		19,736	19,735	(1)		19,349
Airport operations		123,287		123,287	77,026	(46,261)		76,314
Depreciation		-		-	22,412	22,412		18,981
Total expenses		167,182		167,182	 127,034	(40,148)		122,200
Change in net assets		(21,109)		(21,109)	43,052	64,161		46,105
Beginning net assets; as restated		719,135		719,135	 719,135	 <u>-</u>		673,030
Ending net assets	\$	698,026	\$	698,026	\$ 762,187	\$ 64,161	\$	719,135

SCHEDULE OF INDEBTEDNESS

City of Alma, Michigan Schedule of Bond and Note Indebtedness

June 30, 2005

Outstanding as of June 30.

Enterprise Funds
Water Utility Fund
1995 Water Revenue Bonds
Issued: December 12, 1995
Original issue: \$750,000; The balance
sheet includes \$3,818 of unamortized
discount.

Total 1995 Water Revenue Bonds

		Outstanding as of June 30,				
Interest Rate	Date of Maturity		2005		2004	
4.90%	May 1, 2005		-		55,000	
5.00%	May 1, 2006		60,000		60,000	
5.10%	May 1, 2007		60,000		60,000	
5.20%	May 1, 2008		65,000		65,000	
5.30%	May 1, 2009		70,000		70,000	
5.40%	May 1, 2010	_	75,000		75,000	
			330,000	\$	385,000	

Wastewater Utility Fund 2005 Capital Improvement Limited Tax General Obligation Bonds Issued: June 1, 2005 Original issue: \$2,000,000

3.75%	May 1, 2006	70,000	-
3.75%	May 1, 2007	70,000	-
3.75%	May 1, 2008	75,000	-
3.75%	May 1, 2009	75,000	-
3.75%	May 1, 2010	80,000	-
3.75%	May 1, 2011	80,000	
3.75%	May 1, 2012	85,000	-
3.80%	May 1, 2013	85,000	-
3.80%	May 1, 2014	90,000	-
3.80%	May 1, 2015	95,000	-
3.80%	May 1, 2016	100,000	-
3.85%	May 1, 2017	105,000	-
3.90%	May 1, 2018	105,000	-
3.95%	May 1, 2019	110,000	-
4.00%	May 1, 2020	115,000	-
4.10%	May 1, 2021	120,000	-
4.15%	May 1, 2022	125,000	-
4.20%	May 1, 2023	130,000	-
4.25%	May 1, 2024	140,000	-
4.30%	May 1, 2025	145,000	~
		\$ 2,000,000	\$ -

Total 2005 Wastewater General Obligation Bonds

Total Enterprise Funds

\$ 2,330,000 \$ 385,000

Governmental Funds and Component Unit 2000 General Obligation Street Improvement Bonds - Warwick Drive and Heather Lane Issued: February 1, 2000

Original Issue: \$615,000

Total 2000 GO Street Improvement Bonds

		Outstanding	as of Jui	ne 30,	
Interest Rate	Date of Maturity		2005	2	004
5.00%	May 1, 2005				65,000
5.10%	May 1, 2006		70,000		70,000
5.20%	May 1, 2007		75,000		75,000
5.30%	May 1, 2008		80,000		80,000
5.40%	May 1, 2009		85,000		85,000
		\$	310,000	\$	375,000

Outstanding as of June 30,

	Interest Rate	Date of Maturity	2005	2004
2000 Special Assessment Street	5.00%	May 1, 2005	-	75,000
Improvement Bonds - Warwick Drive and	5.10%	May 1, 2006	75,000	75,000
Heather Lane	5.20%	May 1, 2007	75,000	75,000
Issued: February 1, 2000	5.30%	May 1, 2008	75,000	75,000
Original Issue: \$675,000	5.40%	May 1, 2009	75,000	75,000
Total 2000 Special Assessment Street Bonds			\$ 300,000	\$ 375,000

Outstanding as of June 30,

		. 20	005	2004
5.00%	May 1, 2005		-	40,000
5.10%	May 1, 2006		40,000	40,000
5.20%	May 1, 2007		45,000	45,000
5.30%	May 1, 2008		45,000	45,000
5.40%	May 1, 2009		45,000	45,000
4 9273% Annually		\$	175,000	\$ 215 000

Total 2000 Installment Purchase Contract

2000 Installment Purchase Contract Right away Heather Lane Issued: November 9, 1999 Original Issue: \$375,000

2005 General Obligation Unlimited Tax Bond Library Expansion

Issued: June 1, 2005 Original Issue: \$3,500,000 Outstanding as of June 30,

		2005	2004
4.00%	June 1, 2006	125,000	-
4.00%	June 1, 2007	125,000	-
4.00%	June 1, 2008	130,000	-
4.00%	June 1, 2009	135,000	-
4.00%	June 1, 2010	140,000	-
4.00%	June 1, 2011	140,000	-
4.00%	June 1, 2012	145,000	-
4.00%	June 1, 2013	155,000	-
4.00%	June 1, 2014	160,000	-
4.00%	June 1, 2015	165,000	-
4.00%	June 1, 2016	170,000	-
4.00%	June 1, 2017	180,000	•
4.00%	June 1, 2018	185,000	-
4.05%	June 1, 2019	195,000	
4.10%	June 1, 2020	200,000	-
4.15%	June 1, 2021	210,000	•
4.20%	June 1, 2022	220,000	-
4.25%	June 1, 2023	230,000	-
4.30%	June 1, 2024	240,000	-
4.35%	June 1, 2025	250,000	-
		\$ 3,500,000	\$ -

Total 2005 General Obligation Bond

Total Governmental Funds and Component Unit

4,285,000 \$

965,000

Total Long-Term Bond and Note Debt- All Funds

\$ 6,615,000 \$

1,350,000

STATISTICAL SECTION

City of Alma, Michigan Net Assets By Component Last Ten Fiscal Years (Accrual Basis of Accounting)

		Fisca	l Year		
	1996	1997		1998	1999
Governmental activities					
Invested In capital assets, net of related debt	\$ 5,930,086	\$ 6,182,968	\$	6,347,969	\$ 6,491,189
Restricted	3,564,748	3,418,776		2,541,872	2,275,016
Unrestricted	2,987,449	3,763,880		4,239,719	4,823,246
Total governmental activities net assets	12,482,283	13,365,624		13,129,560	13,589,451
Business-type activities					
Invested In capital assets, net of related debt	8,212,324	8,920,801		8,843,336	8,932,974
Restricted	-			<u>-</u>	-
Unrestricted	6,182,085	6,519,708		6,759,956	7,035,002
Total business-type activities net assets	14,394,409	15,440,509		15,603,292	15,967,976
Primary Government .					
Invested In capital assets, net of related debt	14,142,410	15,103,769		15,191,305	15,424,163
Restricted	3,564,748	3,418,776		2,541,872	2,275,016
Unrestricted	9,169,534	10,283,588		10,999,675	11,858,248
Total primary government activities net assets	\$ 26,876,692	\$ 28,806,133	\$	28,732,852	\$ 29,557,427

In 2001 Housing Commission was reclassified from proprietary fund type to component unit

		Fisca	l Year	r		
2000	2001	2002		2003	2004	2005
\$ 5,774,975 4,059,615 6,296,009 16,130,599	\$ 4,842,583 3,914,080 6,187,502 14,944,165	\$ 12,535,834 2,333,471 5,400,312 20,269,617	\$	13,046,873 2,443,447 5,295,201 20,785,521	\$ 12,130,720 774,703 7,590,800 20,496,223	\$ 12,213,599 1,248,587 7,562,016 21,024,202
9,769,363 5,867,159 15,636,522	5,240,770 - 5,654,262 10,895,032	4,015,781 112,063 4,474,471 8,602,315		4,165,397 109,774 4,467,317 8,742,488	4,207,492 168,426 4,298,153 8,674,071	3,652,609 173,854 4,899,350 8,725,813
\$ 15,544,338 4,059,615 12,163,168 31,767,121	\$ 10,083,353 3,914,080 11,841,764 25,839,197	\$ 16,551,615 2,445,534 9,874,783 28,871,932	\$	17,212,270 2,553,221 9,762,518 29,528,009	\$ 16,338,212 943,129 11,888,953 29,170,294	\$ 15,866,208 1,422,441 12,461,366 29,750,015

City of Alma, Michigan

Changes in Net Assets

Last Ten Fiscal Years (Accrual Basis of Accounting)

		Fisca	l Year
	1996	1997	1998
Expenses			
Governmental activities:			
Community Development	\$ 444,070	\$ 456,297	\$ 796,298
Community Safety	1,002,141	1,114,184	1,114,380
Property Maintenance	472,229	538,527	598,807
Transportation	629,159	638,581	517,501
Recreation & Culture	410,527	509,882	448,985
Legislative	98,548	111,539	116,232
Administrative Services	703,782	287,104	286,185
Capital Outlay	607,049	607,393	646,937
Interest on Long Term Debt	292,414	262,673	262,301
Total governmental activities expenses	4,659,919	4,526,180	4,787,626
Business-type expenses			, ,
State Street Plaza	59,589	56,615	60,309
Transit Services	457,434	459,743	493,591
Sewer	753,373	760,148	788,199
Water	1,036,438	1,026,669	1,042,158
Refuse Collection	419,598	440,920	530,638
Total business-type activities expenses	2,726,432	2,744,095	2,914,895
Total primary government expenses	7,386,351	7,270,275	7,702,521
Program Revenues			
Governmental activities: Revenues			
Charges for services			
Community Development	-	-	-
Community Safety		-	-
Property Maintenance	-	-	_
Transportation	_	-	-
Recreation & Culture	_	_	_
Legislative	_	_	_
Administrative Services	_	_	-
Interest	_	_	_
Operating grants & contributions	521,400	530.279	423,448
Capital grants & contributions	114,897	147,768	301,700
Total governmental activities program revenues	1,533,362	1,671,477	1,645,634
Business-type activities: Revenues	1,555,502	1,071,477	1,043,034
Charges for services			
State Street Plaza	72.047	67.440	67,006
Transit Services	73,047	67,448	67,926
Sewer	57,120	57,129	49,299
	713,020	739,076	723,360
Water	1,018,462	1,013,101	1,045,912
Sanitation	416,067	426,024	465,622
Operating grants & contributions	195,595	258,510	322,682
Capital grants & contributions	_		_
Total business-type activities program revenues	\$ 2,473,311	\$ 2,561,288	\$ 2,674,801

			Fisca	l Yea	ar		
1999	2000	2001	2002		2003	2004	2005
\$ 525,064	\$ 500,048	\$ 560,563	\$ 385,761	\$	442,589	\$ 909,686	\$ 507,454
1,426,613	1,418,133	1,504,491	1,505,290		1,530,039	1,726,504	1,845,335
808,959	657,237	628,855	646,606		664,717	426,074	424,979
785,741	618,101	636,158	1,120,951		1,162,323	1,244,766	1,352,456
506,474	498,142	36,864	292,541		321,612	626,498	587,676
120,284	120,491	86,826	82,698		85,138	90,390	109,743
298,846	308,180	298,798	297,502		373,400	354,837	321,924
591,082	1,643,487	1,279,560	-		-	-	-
282,124	282,584	512,362	91,629		74,196	62,712	57,705
5,345,187	6,046,403	5,544,477	4,422,978		4,654,014	5,441,467	5,207,272
60,981	54,930	51,793	48,610		49,709	53,085	52,973
504,016	542,421	558,768	558,150		572,431	594,037	615,085
775,855	803,137	806,103	802,637		995,976	856,111	861,200
1,024,610	1,028,380	898,708	877,973		969,976	993,336	940,382
390,920	340,124	398,648	409,316		451,554	503,053	437,976
2,756,382	2,768,992	2,714,020	2,696,686		3,039,646	2,999,622	2,907,616
8,101,569	8,815,395	8,258,497	7,119,664		7,693,660	8,441,089	8,114,888
-		-	50,927 203,837		111,477 235,081	171,465 251,600	54,482 250,073
		-	56,162		59,095	251,699 75,865	250,073 57,960
	_	_	123,903		92,772	174,213	117,924
_		_	42,847		109,843	36,631	30,979
_	_	_	191		386	50,551	3,085
_		_	3,356		4 ,184	1,213	623
_	_	_	67,548		1,101	89,089	86,506
418,383	550,156	537,570	895,611		602,463	846,929	1,323,158
223,557	226,382	165,468	61,875		82,946	167,244	19,400
1,346,195	1,371,220	1,314,900	1,506,257		1,298,247	1,814,398	1,944,190
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	.,,	,,,,,,,,,,	.,===,==:		1,200,21	1,011,000	1,011,100
68,837	74,949	63,973	79,047		63,288	41,081	39,542
60,490	70,455	79,824	73,297		66,307	66,534	64,676
720,242	815,018	681,311	722,286		674,937	708,893	685,968
1,131,882	1,040,661	891,141	1,000,575		1,063,648	1,103,670	1,034,110
444,018	490,873	462,478	471,797		478,024	473,052	464,606
343,863	211,035	293,771	315,364		288,891	298,338	439,058
-	-	-	154,399		308,397	44,965	-
\$ 2,769,332	\$ 2,702, 9 91	\$ 2,472,498	\$ 2,816,765	\$	2,94 3,492	\$ 2,736,533	\$ 2,727,960

continued

continued	Fiscal Year						
	1996	1997	1998				
Total primary government program revenues	\$ 4,006,673	\$ 4,232,765 \$	4,320,435				
Net (expenses)/revenue							
Governmental activities	(3,126,557)	(2,854,703)	(3,141,992)				
Business-type activities:	(253,121)	(182,807)	(240,094)				
Total primary government net expenses	(3,379,678)	(3,037,510)	(3,382,086)				
General Revenues & Other Changes in Net Assets							
Governmental activities:							
Property taxes	2,048,922	2,255,669	2,333,040				
Intergovernmental	998,649	1,094,767	1,337,170				
Investment income	132,495	168,677	184,822				
Other Revenue	23,664	49,457	-				
Transfers	(122,923)	(149,145)	(261,386)				
Total governmental activities	3,080,807	3,419,425	3,593,646				
Business-type activities							
Property taxes	114,532	125,356	129,540				
Intergovernmental	•	-	-				
Investment earnings	134,994	148,168	154,043				
Other Revenue	-	-	-				
Transfers	-	(1,872)	58,874				
Total business-type activities	249,526	271,652	342,457				
Change in Net Assets							
Governmental activities	(45,750)	564,722	451,654				
Business-type activities	(3,595)	88,845	102,363				
Total primary government	\$ (49,345)	\$ 653,567 \$	554,017				

			Fiscal Ye	ar		
1999	2000	2001	2002	2003	2004	2005
\$ 4,115,527 \$	4,074,211 \$	3,787,398 \$	4,323,022 \$	4,241,739 \$	4,550,931 \$	4,672,150
(3,998,992) 12,950 (3,986,042)	(4,675,183) (66,001) (4,741,184)	(4,229,577) (241,522) (4,471,099)	(2,916,721) 120,079 (2,796,642)	(3,355,767) (96,154) (3,451,921)	(3,627,069) (263,089) (3,890,158)	(3,263,082) (179,656) (3,442,738)
2,433,711 1,440,204 194,130 23,202 113,030	2,516,279 1,292,803 246,577 1,665,000 (21,724)	2,519,686 1,394,846 366,658 - (175,106)	2,356,169 1,421,775 290,306 77,057 (200,000)	2,225,123 1,262,367 240,002 56,881	2,373,574 1,457,643 81,896 38,270	2,387,317 1,175,817 193,812 77,029
4,204,277	5,698,935	4,106,084	3,945,307	3,784,373	3,951,383	3,833,975
134,928	140,594	134,662	139,160	132,580	139,917	138,634
151,777 - - 286,705	182,880 - - 323,474	211,942 - 63,500 410,104	104,212 - 200,000 443,372	96,251 17,604 - 246,435	48,752 6,003 - 194,672	87,597 5,167 - 231,398
\$ 205,285 299,655 504,940 \$	1,023,752 257,473 1,281,225 \$	(123,493) 168,582 45,089 \$	1,028,586 563,451 1,592,037 \$	428,606 150,281 578,887 \$	324,314 (68,417) 255,897 \$	570,893 51,742 622,635

City of Alma, Michigan Governmental Activities Tax Revenues By Source Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Real	Personal	Voted	Delinquent					
Fiscal	Property	Property	Property	Personal		Tax	x Reverted		Tax on
Year	Taxes	Taxes	Taxes		Property	L	and Sale	R	tented Land
1996	\$ 1,056,860	\$ 513,467	\$ 277,588	\$	260	\$	-	\$	882
1997	1,094,788	534,327	287,550		4,158		-		814
1998	1,125,602	522,628	308,240		1,358		_		811
1999	1,184,470	56 0,195	321,147		5,141		-		777
2000	1,228,061	642,287	317,519		4,657		-		791
2001	1,294,084	613,073	343,619		237		-		739
2002	1,316,342	530,959	388,949		3,089		-		760
2003	1,357,995	427,434	322,616		4,274		80		801
2004	1,392,681	425,627	264,234		433		10		773
2005	1,498,025	382,920	284,225		63		(25)		797

Pa	yment	С	ommercial	Industrial		Tax		Tax		
lr	n Lieu		Facility	Facility	Penalty &		Administration			Total
of	Taxes		Taxes	Taxes	li	nterest		Fee		Taxes
\$	11,019	\$	3,694	\$ 105,650	\$	15,510	\$	63,992	\$	2,048,922
	12,182		2,428	240,083		16,174		63,164		2,255,669
	12,883		100	283,743		15,308		62,367		2,333,040
	11,193		-	272,758		13,840		64,189		2,433,711
	13,447		-	227,026		15,443		67,047		2,516,279
	26,740		-	154,688		19,525		66,981		2,519,686
	23,788		-	142,250		18,043		62,894		2,487,074
	39,423		•	123,372		21,176		62,533		2,359,704
	37,469			144,013		27,161		62,528		2,354,929
	15,690		-	88,820		41,321		70,997		2,382,832

City of Alma, Michigan

Fund Balances of Governmental Funds

Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

_					
_	'n	^^	1	Y۵	-

General Fund:	1996	1997	 1998	1999	2000
Reserved	\$ 118,358	\$ 132,450	\$ 129,684	\$ 128,366	\$ 149,023
Unreserved	1,712,773	1,922,612	2,290,922	2,530,943	2,565,207
Total general fund	\$ 1,831,131	\$ 2,055,062	\$ 2,420,606	\$ 2,659,309	\$ 2,714,230
All other governmental funds:					
Reserved	\$ 119,985	\$ 119,167	\$ 124,301	\$ 99,122	\$ 109,044
Unreserved, reported in:					
Special revenue funds	669,425	752,106	985,758	1,079,641	1,311,600
Capital projects funds	156,215	400,996	228,485	105,895	818,986
Permanent funds	 621,837	632,618	650,456	647,004	649,404
Total all other governmental funds	\$ 1,567,462	\$ 1,904,887	\$ 1,989,000	\$ 1,931,662	\$ 2,889,034

Fiscal Year

 	 Fiscal	Yea	r	 	
2001	 2002		2003	 2004	 2005
\$ 125,001	\$ 16,052	\$	50,861	\$ 30,998	\$ 63,764
 3,048,811	 3,232,602		3,376,593	3,427,819	2,993,596
\$ 3,173,812	\$ 3,248,654	\$	3,427,454	\$ 3,458,817	\$ 3,057,360
\$ 134,998	\$ 83,931	\$	87,573	\$ 496,457	\$ 643,022
1,126,812	951,043		1,467,101	1,492,506	1,406,772
415,779	43,006		80,766	361,699	253,731
683,114	707,204		727,545	709,201	727,331
\$ 2,360,703	\$ 1,785,184	\$	2,362,985	\$ 3,059,863	\$ 3,030,856

City of Alma, Michigan Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

Fiscal	Voor

		 1 1304	i i Çai	·····	
Revenues	1996	1997		1998	 1999
Taxes	\$ 2,048,922	\$ 2,255,669	\$	2,333,040	\$ 2,433,711
Licenses & Permits	58,742	75,965		50,717	55,026
Intergovernmental	1,520,049	1,822,271		2,062,318	2,105,346
Charges for Services	390,286	265,224		282,946	266,380
Fines & Forfitures	17,447	26,441		20,545	25,277
Interest & Dividends	132,495	168,677		184,822	194,130
Rents & Other Revenue	 569,151	 625,800		566,278	357,572
Total Revenues	 4,737,092	 5,240,047		5,500,666	 5,437,442
Expenditures Community Development	444,070	456,297		796,298	525,064
Community Safety	1,002,141	1,114,184		1,114,380	1,426,613
Parks & Properties	472,229	538,527		598,807	808,959
Transportation	629,159	638,581		517,501	785,741
Cultural & Community	410,527	509,882		448,985	506,474
Legislative Services	98,548	111,539		116,232	120,284
Administrative Services	703,782	287,104		286,185	298,846
Capital Outlay	607,049	607,393		646,937	591,082
Debt Service	292,414	262,673		262,301	282,124
Total Expenditures	 4,659,919	4,526,180		4,787,626	 5,345,187
Excess of Revenues over Expenditures	 77,173	713,867		713,040	 92,255
Other Financing Sources (Uses)					
Transfers In	365,986	644,308		266,630	388,453
Transfers Out	(488,909)	(793,453)		(608,391)	(275,423)
Proceeds from Installment Purchase	(100,000)	(100,100)		80,375	(=: =, :==)
Bonds Issued	_	_		-	_
Total Other Financing	 (122,923)	 (149,145)		(261,386)	 113,030
Net Change in Fund Balance	\$ (45,750)	\$ 564,722	\$	451,654	\$ 205,285
Debt Service as a Percentage of Noncapital					
Expenditures	7.21%	6.70%		6.33%	5.93%

-			
-	ISC 2	l Yes	41

-	2000	 2001	 2002	 2003	 2004	 2005
\$	2,516,279	\$ 2,519,686	\$ 2,487,074	\$ 2,359,704	\$ 2,354,929	\$ 2,382,832
	68,018	77,680	70,825	79,163	77,649	77,492
	2,069,341	2,097,884	2,290,637	1,946,776	2,341,068	2,119,848
	252,910	228,185	372,485	434,556	458,987	543,652
	22,813	22,576	27,744	33,099	22,394	27,331
	246,577	366,658	281,490	214,961	109,926	212,479
	250,941	 283,421	137,218	 158,166	 397,093	 72,476
	5,426,879	 5,596,090	5,667,473	5,226,425	 5,762,046	 5,436,110
	500,048	560,563	419,221	447,458	877,343	556,511
	1,826,500	1,504,491	1,518,855	1,562,344	1,656,465	1,929,500
	657,237	628,855	651,522	650,498	356,377	504,858
	618,101	636,158	732,719	665,737	701,634	803,550
	89,775	36,864	293,191	321,509	539,871	543,721
	120,491	86,826	82,762	85,601	89,363	125,545
	308,180	298,798	302,006	376,379	333,338	313,157
	1,643,487	1,279,560	1,389,038	428,232	416,959	1,210,613
	282,584	 512,362	 474,244	384,196	235,327	 229,856
	6,046,403	 5,544,477	 5,863,558	 4,921,954	 5,206,677	 6,217,311
******	(619,524)	51,613	(196,085)	 304,471	555,369	(781,201)
-		 				
	502,810	489,922	682,992	408,296	729,003	1,094,359
	(524,534)	(665,028)	(827,117)	(408,296)	(729,003)	(700,831)
	375,000	-	-	-	-	-
	1,290,000	 	 		 _	-
	1,643,276	 (175,106)	 (144,125)	-	-	 393,528
\$	1,023,752	\$ (123,493)	\$ (340,210)	\$ 304,471	\$ 555,369	\$ (387,673)
	6.42%	12.01%	10.60%	8.55%	4.91%	4.59%

City of Alma, Michigan General Governmental Tax Revenues By Source Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Real	Personal	Voted	Delinquent				
Fiscal	Property	Property	Property	Personal	Ta	ax Reverted		Tax on
Year	Taxes	Taxes	Taxes	Property		Land Sale	F	Rented Land
1996	\$ 1,118,453	\$ 535,575	\$ 273,450	\$ 1,342	\$	-	\$	869
1997	1,078,406	557,300	363,365	4,311		-		802
1998	1,117,178	548,969	388,931	1,348		-		805
1999	1,200,804	596,395	408,265	5,543		-		777
2000	1,244,947	683,563	407,664	4,608				791
2001	1,276,558	634,849	426,849	238		•		719
2002	1,334,059	567,388	485,573	3,098		•		760
2003	1,376,318	456,396	422,299	4,375		80		801
2004	1,433,816	462,837	372,021	1,474		10		786
2005	1,516,983	409,989	393,800	279		(25)		797

Payment	Commercial	Industrial		Tax		Tax		
In Lieu	Facility	Facility		Penalty &		Administration		Total
of Taxes	Taxes		Taxes		Interest		Fee	Taxes
\$ 10,855	\$ 3,853	\$	110,199	\$	15,279	\$	63,038	\$ 2,132,913
12,000	2,532		250,405		15,932		62,219	2,347,272
12,787	105		297,904		15,193		61,900	2,445,120
11,193	-		288,443		13,840		64,188	2,589,448
14,169	-		240,176		15,443		67,047	2,678,408
26,023	-		158,202		19,001		65,185	2,607,624
23,788	-		151,806		18,043		62,894	2,647,409
39,423	-		130,857		21,176		62,533	2,514,258
38,075	-		155,168		27,600		63,539	2,555,326
15,690	-		94,164		41,321		70,977	2,543,975

City of Alma, Michigan **Assessed Value and Estimated Actual Value of Taxable Property**Last Ten Fiscal Years

			 		Real Property					Pers	onal Property
		Assessed Value Residential	 sessed Value Commercial	A	Assessed Value Inustrial	As	ssessed Value Agricultural	A	Total ssessed Value	1	essed Value
Fiscal Year	L	Property	 Property		Property		Property		Real Propert	Pers	onal Property
1996	\$	53,721,500	\$ 16,459,300	\$	9,328,600	\$	94,800	\$	79,604,200	\$	32,480,300
1997		55,972,300	17,401,100		10,101,100		97,800		83,572,300		32,210,237
1998		61,296,600	18,213,300		10,074,300		102,100		89,686,300		31,720,690
1999		66,793,400	20,284,400		10,578,300		110,800		97,766,900		33,801,600
2000		74,746,600	22,538,400		10,649,600		119,600		108,054,200		39,008,800
2001		79,524,700	23,604,700		9,499,800		122,400		112,751,600		35,918,900
2002		84,103,800	24,272,700		9,430,900		124,900		117,932,300		34,405,100
2003		87,143,800	25,106,000		8,618,200		134,500		121,002,500		28,094,200
2004		92,313,100	26,351,100		9,769,100		141,600		128,574,900		29,419,000
2005		97,150,400	27,183,400		11,625,900		142,100		136,101,800		24,759,600

Į.	Less Tax Exempt Real Property	Total Taxable Assessed Value		Total Direct Tax Rate	Estimated Actual Taxable Value			Assessed Value as a percentage of Actual Value
\$	159	\$	112,084,341	17.6403	\$	224,169,000		50.00%
	603,220		115,179,317	17.6403		231,565,074		50.00%
	3,625,330		117,781,660	17.6558		242,813,980		50.00%
	7,568,699		123,999,801	17.6558		263,137,000		50.00%
	14,358,605		132,704,395	17.4886		294,126,000		50.00%
	16,800,544		131,869,956	17.5886		297,341,000		50.00%
	17,680,766		134,656,634	17.5886		304,674,800		50.00%
	17,246,941		131,849,759	17.1886		298,193,400		50.00%
	20,833,202		137,160,698	16.5816		315,987,800		50.00%
	21.965.272		138.896.128	16.5816		321,722,800		50.00%

					City of Alm						i
					Property		1.4				
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		<u> </u>	City of	Almo	<u> </u>	<u> </u>	+	Alma Public	Sabaala :	l	latar
Fiscal	 	1	Debt	· · · · · · · · · · · · · · · · · · ·	T		School	Old	New		Inter Special
Year	General	Streets	Service	Capital Projects	Transit	Total	Operating	Debt	Debt	Total	Education
i eai	General	Streets	Gervice	Fiojects	Hansit	Total	Operating	Debt	Debt	Iolai	Ludcation
1995	12.1300	0.8700	1.6200	2,4145	0.9658	18.0003	36.0000	3.7800	0.0000	39.7800	2.3400
1996	12.1300	0.8700	1.2600	2.4145	0.9658	17.6403	36.0000	3.0000	0.0000	39.0000	2.3400
1997	12.1300	0.8700	1.2600	2.4145	0.9658	17.6403	18.0000	3.0000	0.0000	21,0000	2.3400
1998	12.1300	0.8700	1.1900	2.5000	0.9658	17.6558	18.0000	3.0000	0.0000	21.0000	2.3356
1999	12.2600	0.8700	1.0600	2.5000	0.9658	17.6558	18.0000	3.0000	0.0000	21.0000	2.3135
2000	12.2600	0.8700	0.9000	2.4948	0.9638	17.4886	18.0000	2.5000	0.0000	20.5000	4.1007
2001	12.4300	0.7000	1.0000	2.4948	0.9638	17.5886	18.0000	2.5000	0.0000	20.5000	4.0751
2002	12.4300	0.7000	1.0000	2.4948	0.9638	17.5886	18.0000;	2.4000	0.0000	20.4000	4.0662
2003	12.4300	0.7000	0.6000	2.4948	0.9638	17.1886	18.0000	2.4000	0.0000	20.4000	4.0419
2004	12.7800	0.3500	0.0000	2.4912	0.9604	16.5816	18.0000	2.4000	0.0000	20.4000	4.0345
2005	13.1300	0.0000	0.0000	2.4912	0.9604	16.5816	18.0000	2.2000	4.8000	25.0000	4.0345
Notes:		1									
1) Table in	mills	L	ļ							ļ	
		1			<u> </u>	ļ		l			
Source	: Tax Warrant	s issued by (City Assesso	r	ļ						
		<u> </u>	<u> </u>	1	1					J	

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Overlappin	i Rates				 		 		1
Overlappin	y i vales				-	-			
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mediate Scho	ools	State Education	on	Gratiot County	1		 		DDA
School	Total	State	County	Senior		County		DDA	District
District	School District	Education	Operating	Citizens Tax	Parks	Total	Total	DISTRICT	Total
0.2730	2.6130	6.000	5.6993	0.5000	0.0000	6.1993	72.5926	1 1	72.5926
0.2730	2.6130	6.000	5.6993	0.5000	0.0000	6.1993	71.4526		71.4526
0.2730	2.6130	6.000	00 5.6993	0.5000	0.0000	6.1993	53.4526		53.4526
0.2725	2.6081	6.000	00 5.6993	0.5000	0.0000	6.1993	53.4632		53.4632
0.2699	2.5834	6.000		0.5000	0.0000	6.1799	53.4191		53.4191
0.2684	4.3691	6.000		0.4971	0.0000	6.1446	54.5023		54.5023
0.2667	4.3418	6.000		4 4 4 5 5 5 5 5 4	0.0000	6.1193	54.5497	1.9822	56.5319
0.2661	4.3323	6.000			0.0000	6.0837	54.4046	1.9822	56.3868
0.2645	4.3064	6.000		0.6500	0.0000	6.2382	54.1332	1.9792	56.1124
0.2640	4.2985	5.000	mane to cake an our many man a common	0.6444	0.0000	6.1851	52.4652	1.9716	54.4368
0.2640	4.2985	6.000	00 5.5401	0.6443	0.3500	6.5344	58.4145	1.9716	60.3861
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L	i	li	<u> </u>				ii		1

City of Alma, Michigan Principal Property Taxpayers

June 30, 2005 Compared with June 30, 1995

Taxpayer	Type of Business	2004 Taxable Valuation (1)	Rank	Percent of Total Taxable Value (1)
Consumers Energy	Utility	\$ 9,654,900	1	6.46%
Oxford Automotive	Automotive parts manufacturer	6,249,066	2	4.18%
SPX Corp. Contech Division	Automotive parts manufacturer	4,665,000	3	3.12%
Alma Products Holding	Automotive parts manufacturer	4,223,798	4	2.83%
Lear Corporation	Plastics manufacturer	3,394,600	5	2.27%
Bobenal Investments	Real Estate	2,589,541	6	1.73%
Terry Materials	Asphalt Materials	2,198,700	7	1.47%
Alma Partners	Real estate	1,551,555	8	1.04%
Standard Federal Bank	Real Estate (Apartments)	985,130	9	0.66%
Countryside / DeShano	Real Estate (Apartments)	889,142	10	0.59%
Total Petroleum	Petroleum refinery		-	0.00%
Lobdell Emery	Automotive parts manufacturer			0.00%
Consolidated Die Cast	Automotive parts manufacturer		-	0.00%
United Technologies	Plastics manufacturer		-	0.00%
Broadmoor Apartments	Real estate		<u>.</u> -	0.00%
Total Principal Taxpayers		36,401,432	==	24.35%

Notes:

⁽¹⁾ Includes Real, Personal, and Industrial Facilities Assessment

⁽²⁾ Source: City Assessor

	1995 Taxable		Percent of Total Taxable
\	/aluation (1)	Rank	Value (1)
\$	8,395,075	3	5.92%
	-	-	0.00%
	-	-	0.00%
	4,977,595	5	3.51%
	-	•	0.00%
	1,195,600	10	0.84%
	1,773,300	8	1.25%
	1,678,939	9	1.18%
	-	-	0.00%
	-	-	0.00%
	24,096,791	1	17.00%
	11,099,394	2	7.83%
	5,182,377	4	3.66%
	4,708,700	6	3.32%
	2,116,017	7	1.49%
	65,223,788		46.02%

City of Alma, Michigan Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended	Total Tax Levy for			ollections within Fiscal Year of L	Collections in	
June 30	F	iscal Year	Amo	ount	% of Levy	Subsequent years
1996	\$	1,939,294	\$	1,938,518	99.96%	764
1997		1,981,652		1,978,360	99.83%	3,256
1998		2,030,212		2,027,780	99.88%	2,406
1999		2,189,441		2,183,690	99.74%	5,737
2000		2,318,954		2,315,474	99.85%	2,248
2001		2,387,258		2,383,675	99.85%	2,315
2002		2,355,763		2,349,016	99.71%	5,109
2003		2,266,209		2,231,569	98.47%	33,090
2004		2,274,343		2,245,252	98.72%	28,852
2005		2,302,687		2,292,709	99.57%	3,066

Notes:

- (1) Gratiot County pays the City of Alma the full amount of the delinquent real property taxes upon settlement in March of each year.
- (2) The table includes Ad Valorem taxes only. It excludes commercial and industrial facilities taxes as provided under Public Acts 198 and 255.
- (3) Source: City of Alma Finance Department

T-4-1	0-1	lections	4_	D-4-
1018	UU	iecuons	ш	Dale

 10101 00110110110 10 00110								
Amount	% of Levy							
\$ 1,939,282	100.00%							
1,981,616	100.00%							
2,030,186	100.00%							
2,189,427	100.00%							
2,317,722	99.95%							
2,385,991	.99.95%							
2,354,125	99.93%							
2,264,659	99.93%							
2,274,104	99.99%							
2.295.775	99.70%							

City of Alma, Michigan Ratios of Outstanding Debt By Type Last Ten Fiscal Years

	Governmental Activities			Business-Type Activities							
	•		Special Assessment Bonds		General Obligation Bonds			Water Revenue Bonds		Total Primary Government	
Fiscal							[
Year											
1996	\$ 1,34	0,000	\$	_	\$	-	- \$	750,000	\$	2,090,000	
1997	1,14	5,000		-		-		710,000		1,855,000	
1998	1,02	23,032		-		-		670,000		1,693,032	
1999	78	38,450		-		-		630,000		1,418,450	
2000	1,54	12,489		675,000		-		585,000		2,802,489	
2001	1,23	32,615		600,000		-	,	540,000		2,372,615	
2002	92	25,000		525,000		-		490,000		1,940,000	
2003	69	90,000		450,000		-		440,000		1,580,000	
2004	59	90,000		375,000		-		385,000		1,350,000	
2005	3,98	35,000		300,000		2,000,000	i	330,000		6,615,000	

Percentage of				
Personal	Per			
Income	Capita			
1.26%	\$	231.35		
1.12%		205.34		
0.96%		187.41		
0.80%		157.01		
1.49%		310.22		
1.25%		255.81		
0.97%		209.16		
0.78%		170.35		
0.67%		145.55		
3.28%		713.21		

City of Alma, Michigan Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

	Fiscal Year	• • • • • • • • • • • • • • • • • • • •		Less: Amounts Available in Debt Service Funds		Total		Percentage of Estimated Actual Taxable Value	Per Capita	
_	1996	\$	1,340,000	\$	210,644	\$	1,129,356	0.50%	\$	125.01
	1997		1,145,000		115,438		1,029,562	0.44%		113.97
	1998		1,023,032		119,397		903,635	0.37%		100.03
	1999		788,450		99,122		689,328	0.26%		76.30
	2000		1,542,489		92,107		1,450,382	0.49%		160.55
	2001		1,232,615		87,786		1,144,829	0.39%		123.43
	2002		925,000		80,928		844,072	0.28%		91.01
	2003		690,000		20,181		669,819	0.22%		72.22
	2004		590,000		21,893		568,107	0.18%		61.25
	2005		3,985,000		22,110		3,962,890	1.23%		427.27

City of Alma, Michigan Direct and Overlapping Governmental Activities Debt June 30, 2005

	Net	Tax Debted Debt	Percent Applicable to City of Alma	1 -	Amount oplicable to the City of Alma
City of Alma	\$	6,615,000	100.0%	\$	6,615,000
Alma Public Schools		28,765,000	53.37%		15,351,881
Gratiot County		5,686,716	18.6%		1,058,298
	\$	41,066,716		\$	23,025,178

Notes:

⁽¹⁾ Source: Municipal Advisory Council of Michigan

City of Alma, Michigan **Legal Debt Margin Information** Last Ten Fiscal Years

			Fisca	l Yea	ar		
		1996	1997		1998		1999
Debt limit	\$	12,651,834	\$ 12,865,862	\$	13,954,224	\$	14,632,025
Total net debt applicable to limit		1,139,356	1,029,562		825,603		630,878
Legal debt margin		11,512,478	11,836,300		13,128,621		14,001,147
Total net debt applicable to the limit as a percentage o	f debt						
limit		9.01%	8.00%		5.92%		4.31%
Col	mputation d Jun	Alma, Michigan of Legal Debt i e 30, 2005 naudited)	in				
Assessed Value							
Real Property				\$	139,790,330		
Personal Property					24,426,900		
Industrial and Commercial Facilities (1) Total Assessed Value					7,805,700	\$	172,022,930
Debt Limit					_		
10% of assessed value							17,202,293
Amount of Debt Applicable to Debt Limit							
Total Bonded Debt							6,555,000
Less:							
Assets available for debt service		70.005					
Amount Available in Debt Service Funds		78,265					
Less: Amount in Special Assessment Funds Net assets available for debt service		(56,155)	22,110				
Special assessment bonds			300,000				
Revenue bonds			270,000				
Total Deductions			 210,000	•	(592,110)		
Total amount of debt					(002,110)		
applicable to debt limit							5,962,890
Legal Debt Margin						\$	11,239,403
- "					=		

(1) Adjusted to Assessed Value

Fiscal Year

2000	2001	2002	2003	2004	2005
\$ 15,059,483 \$	15,329,049 \$	16,537,120 \$	17,176,160 \$	17,189,640 \$	17,202,293
1,062,893	807,214	559,072	419,819	363,107	5,962,890
13,996,590	14,521,835	15,978,048	16,756,341	16,826,533	11,239,403
7.06%	5.27%	3.38%	2.44%	2.11%	34.66%

City of Alma, Michigan Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Water Gross Revenue(1)	0	Direct perating penses (2)	Net Revenue	De Principal	-	ice Requirer nterest nd Fees	ments	Total	Coverage
1996	\$ 1,018,462	\$	922,043	\$ 96,419	\$ -	\$	18,467	\$	18,467	5.22
1997	1,046,407		884,284	162,123	40,000		37,218		77,218	2.10
1998	1,049,339		886,285	163,054	40,000		35,745		75,745	2.15
1999	1,157,048		867,346	289,702	40,000		34,435		74,435	3.89
2000	1,063,335		855,319	208,016	45,000		32,193		77,193	2.69
2001	916,490		724,461	192,029	45,000		30,103		75,103	2.56
2002	1,006,997		702,715	304,282	50,000		28,149		78,149	3.89
2003	1,073,837		790,253	283,584	50,000		25,829		75,829	3.74
2004	1,106,897		801,793	305,104	55,000		22,549		77,549	3.93
2005	1.069.253		750.927	318,326	60,000		18.548		78.548	4.05

Notes:

- (1) Operating revenues plus interest.
- (2) Operating expenses exclusive of depreciation.
- (3) Source: City of Alma Comprehensive Annual Financial Reports

City of Alma, Michigan Demographic and Economic Statistics Last Ten Fiscal Years

			Pe	er Capita			
Fiscal		Personal	Ρ	ersonal	Median	School	Unemployment
Year	Population	Income	- 1	ncome	Age	Enrollment	Rate
1996	9,034	\$ 165,692,594	\$	18,341	30.5	3,150	7.0%
1997	9,034	165,692,594		18,341	30.5	3,050	6.6%
1998	9,034	176,569,530		19,545	30.5	3,050	5.5%
1999	9,034	176,569,530		19,545	30.5	3,050	5.0%
2000	9,275	188,152,650		20,286	32,5	3,050	4.4%
2001	9,348	189,633,528		20,286	32.5	2,700	4.5%
2002	9,256	200,494,216		21,661	32.5	2,700	5.3%
2003	9,341	202,335,401		21,661	35.6	2,700	5.4%
2004	9,308	201,620,588		21,661	35.6	2,600	6.6%
2005	9,308	201,620,588		21,661	35.6	2,601	7.0%

City of Alma, Michigan **Principal Employers**June 30, 2005 Compared with June 30, 1995

Taxpayer	Type of Business	2005 Number of Employees	Rank	Percent of Total City Employment
Gratiot Community Hospital	Hospital	1,00	3 1	22.59%
Alma Products/Alma Piston	Motor vehicle parts	45	3 2	10.20%
Masonic Pathways	Retirement community/Hospital	36	4 3	8.20%
Alma Public Schools	Public Education	32	3 4	7.27%
Alma College	Educational Institution	28	5	6.31%
Lear Corp.	Plastics products	23	5 6	5.29%
Consumers Power Co.	Utility	21	0 7	4.73%
SPX/Contech	Aluminum castings	15	8 0	3.38%
Liquid Transport Inc.	Transport of petroleum products	12	3 9	2.77%
City of Alma	City Government	11	6 10	2.61%
Playbuoy Pontoon Mfg.	RV & Pontoon Boats	11	4 11	2.57%
Total Petroleum	Petroleum refinery			0.00%
Lobdell Emery	Automotive parts manufacturer			0.00%
Ashcrafts	Groceries			0.00%
K-Mart	Department Store			0.00%
Total Principal Taxpayers		\$3,37	_	75.91%

1995 Number		Percent of Total City
of Employees	Rank	Employment
640	1	15.64%
535	2	13.07%
420	4	10.26%
-	-	0.00%
225	6	5.50%
-	-	0.00%
•	-	0.00%
160	7	3.91%
-	-	0.00%
125	9	3.05%
-	-	0.00%
475	3	11.61%
400	5	9.78%
150	8	3.67%
103	10	2.52%
3,233		79.01%

City of Alma, Michigan Full-Time Equivalent City Government Employees By Fund

Last Ten Fiscal Years

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
General Fund	27.93	28.30	28.10	28.09	28.29	25.82
Special Revenue Funds						
Major Streets Fund	2.77	3.00	2.34	2.96	2.90	2.95
Local Streets Fund	2.29	2.92	2.88	2.92	2.89	2.55
Alma Fire District Fund (See Note 1)	0.81	0.73	0.69	0.78	0.73	0.78
Downtown Development Authority	0.00	0.00	0.00	0.50	0.50	0.50
Alma Public Library Fund	5.86	6.34	6.94	6.35	6.35	5.11
Housing Rehabilitation	0.14	0.14	0.24	0.33	0.33	0.33
Airport Fund	0.07	0.16	0.02	0.05	0.50	0.03
Enterprise Funds						
State Street Plaza	0.01	0.01	0.02	0.05	0.40	0.09
Transit Services	7.83	8.44	9.02	9.57	9.29	9.29
Wastewater Fund	9.08	8.05	8.95	8.12	7.96	7.44
Water Fund	12.87	12.84	11.76	11.46	11.33	8.06
Solid Waste Fund	3.39	3.12	3.93	3.22	3.10	3.21
Internal Service Funds (See Note 2)						
Administrative Services	9.41	9.41	7.83	8.34	8.25	7.99
Buildings and Grounds	2.98	2.98	10.96	9.41	10.41	8.43
Equipment Pool	8.56	8.56	4.64	4.06	4.11	2.62
Public Works Services	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total	94.00	95.00	98.32	96.21	97.34	85.20

Note 1: The Fire Department is staffed with 24 volunteer/part time firefighters. The City does not track accurate hours worked, therefore their time has not been calculated into the full time equivalent figures.

Note 2: The Internal Service Funds perform work and services for other funds. The costs of these services is charged back to the other funds using various cost allocation plans.

Note 3: Full Time Equivalent: Total staffing hours paid (including overtime, vacation and sick leave) divided by 2080.

Note 4: In FY 1999, a payroll system upgrade changed the capture of FTE's by general ledger number. Management believes that the budget and actual were substantially the same.

FY 2002	FY 2003	FY 2004	FY 2005
25.99	25.35	24.70	24.42
2.73	2.41 2.48	0.00	0.00
2.45 0.78	0.78	0.81	0.00 0.81
0.50 5.42 0.33	0.50 5.42 0.25	0.50 5.60 0.24	0.50 5.48 0.24
0.03	0.25	0.24	0.24
0.03	0.02	0.02	0.02
9.87 7.13	9.48 6.42	9.95 5.32	9.71 5.10
8.21 4.00	8.22 3.89	8.42 3.17	8.25 2.92
4.00	0.03	0.11	2.02
8.96 9.26	9.31 10.41	8.12 9.42	8.88 9.41
2.62 0.00	3.07	2.86 8.14	2.98 8.56
88.31	88.04	87.34	87.40

City of Alma, Michigan Operating Indicators By Function Last Ten Years

	FY	FY	FY
	1996	1997	1998
General Fund			
Community Development			
Planning and Zoning			
Special use permits	21	3	7
ZBA Meetings	8	9	10
Zoning ordinance appeals	17	12	17
Housing rehab and development			
PIP loans	4	12	5
Local deferred loans (CDBG)	20	17	17
Acquisition/development/resale		-	
Downtown Development Authoity			
Community activities coordinated	13	13	11
Community Safety		10	, ,
Police			
Police - arrests	581	610	676
Police - traffic citatios	2,421	3,173	3,645
Fire Department	2,721	0,170	0,040
Fire Dept inspections	314	601	437
Fire Dept alarms	134	118	151
Building code enforcement	134	110	131
Building inspections	497	564	557
Building permits	161	142	187
Unsafe structures removed or repaired	2	2	5
Violation notices	575	650	685
Property Maintenance	373	000	000
Cemetery Burials	70	72	7.4
	70		74
Foudations set	55	51	43
Municipal building	200	220	0.40
Maintenance requests	320	332	349
Forestry	0.0	00	40
Trees planted	36	39	40
Trees trimmed	338	439	439
Trees removed	60	45	195
State Street Plaza			
Units leased	6	5	5
Environmental Services			
Wastewater Fund			
Wastewater treated (million gallons)	700	700	666
Water Fund			
Water treated (million gallons)	740	749	748
Solid Waste Fund			
Duralling units as more	2,430	2,440	2,461
Dwelling units served	2,430	2,770	-,.↓.
Yard waste (cubic yards)	5,103	5,381	10,921

FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
8	9	23	21	21	23	22
8	7	12	6	7	9	10
15	8	21	7	10	18	12
7	8	-	-	-	-	6
17	17	1	2	-	2	6 2
2	1	2	-	2	1	2
10	10	9	8	7	7	11
802	623	590	679	554	630	659
4,163	4,254	3,292	2,842	2,797	2,499	1,950
1,100	1,201	0,202	2,012	2,101	2,400	1,000
391	383	348	400	684	570	501
177	148	176	169	222	185	180
571	631	809	763	752	678	735
167	169	149	156	168	146	162
5	3	4	5	5	3	5
386	2,803	2,447	2,410	2,902	2,325	2,785
77	76	7.4	~7.4	70	70	74
77 51	76	71 45	71	79 50	72	74
51	46	45	45	52	54	49
57	30	49	57	50	40	47
90	66	111	114	34	29	62
318	418	350	400	400	300	378
49	56	33	21	37	39	59
5	5	5	5	3	4	4
679	754	774	811	654	776	754
863	537	413	430	394	373	403
2,467	2,478	2,487	2,499	2,499	2,499	2,499
7,033	9,707	11,807	11,439	15,076	15,076	15,000
4,335	4,835	4,486	5,152	4,896	4,533	4,767
-,	.,.	-,	-,	.,550	.,	.,

continued		FY 1996		FY 1997		FY 1998
Transportation	L		L	1001	L	
Transit Services						
Buses		8		8		8
Passengers		71,470		66,680		67,190
Vehicle miles		95,952		90,189		90,605
Major Streets		00,002		00,100		00,000
Miles of major streets		13.00		12.52		12.52
Salt used (tons)		726		951		393
Local Streets		720		551		000
Miles of local streets		30.00		30.44		30.44
Salt used (tons)		187		150		57
Street Lighting		107		100		37
Utility owned street lights		483		483		483
Community owned street lights		215		245		215
Recreation & Cultural		210		243		213
Parks and recreation						
		10		10		10
Number of parks maintained Alma Public Library		10		10		10
•		04 700		CO CO7		40.070
Items circulated		81,700		63,607		40,079
New material acquisitions		2,750		1,968		1,729
Legislative Activities						
City Commission		24		0.4		0.4
Number of meetings convened		24		24		24
Number of advisory boards		19		19		20
Registration & elections		4.000		F 00.4		F 0.10
Rgistered voters		4,802		5,384		5,340
Voter registration changes processed		1,240		185		200
Elections conducted		2		1		2
City clerk						
% of meeting minutes published within 7 days		100%		100%		100%
Licenses issued		30		32		35
Administrative Services						
City treasurer						
Tax bills issued		7,120		7,075		7,080
Cash receipts processed		44,500		43,340		43,500
Assessor						
Real property parcels		3,100		3,118		3,118
Personal property parcels		509		504	,	508
Parcells appealed At board of review		43		65		66
Transfer of ownership		61		173		206
Proposal A revenue loss	\$	-	\$	10,640	\$	64,008
Internal Service Funds						
Finance & Treasury						
GFOA Budget Presentation Award		Yes		Yes		Yes
GFOA Certificate of Achievment for Excellence i	in					
Financial Reporting		Yes		Yes		Yes
Information Systems						
Information Systems PC/ Terminals maintained		64		59		62
PC/ Terminals maintained		64		59		62
PC/ Terminals maintained Buildings and Grounds						
PC/ Terminals maintained Buildings and Grounds Completed work orders		64 275		59 349		62 300
PC/ Terminals maintained Buildings and Grounds Completed work orders Municpal Garage		275		349		300
PC/ Terminals maintained Buildings and Grounds Completed work orders						

	FY 1999		FY 2000	FY 200			FY 2002			FY 2003		FY 2004		FY 2005
	8		9		9			9			10	10		10
	74,318		78,350		1,576			5,817		65,7		62,624		65,900
	107,862		114,654	10	1,787		9	8,089		104,5	524	99,225		99,909
	13.02		13.02		14.58			14.99		14	1.66	14.66		15.31
	326		398		697			689			'66	481		645
	30.78		30.78		29.90			30.78		30.	an	30.78		30.65
	71		48		63			50			83	50.70		59
	405		404		400			400			400	404		404
	485 215		484 215		482 226			482 229			482 232	484 234		484 234
	210		2.10		LLO			220		•	202	204		204
	10		10		10			10			10	10		10
	108,412		123,599	11	0,381		11	6,245		131,6	46	131,646		141,857
	2,779		2,500		2,384			2,312		1,5		2,150		2,286
	25		24		24			24			24	24		24
	21		21		21			21			21	21		21
	5,161		5,393		5,400			5,400		4,7	72	5,394		5,242
	235		325		1,775			1,775		1,7		1,514		1,702
	2		2		1			2		•	1	2		1
	100%		100%		100%			100%		10	00%	100%		100%
	11		14		11			11			15	15		13
	6,417		7,056		7,310			7,310		7,0	60	7,152		7,208
	42,885		40,371	4	0,425		4	5,699		45,5	00	39,352		42,744
	3,128		3,142		3,152			3,160		3,1	62	3,177		3,243
	511		525		503			510		5	10	522		527
	60		70		85			100			54	60		66
Φ.	195	•	250	Φ 00	225	•	0.4	250	•		25	235		216
\$	133,631	\$	251,112	\$ 92	5,498	\$. 31	0,979	\$	296,5	40	\$ 345,447	\$	364,219
	Yes		Yes		Yes			Yes		•	Yes	Yes	Pei	nding
	Yes		Yes		Yes			Yes		,	Yes	Yes	Per	nding
	64		63		66			76			63	78		78
	146		117		128			155		1	60	199		151
	237		256		260			246			48	249		249
	1,800		1,839		1,595			1,093		9	64	912		990

City of Alma, Michigan Capital Asset Statistics By Function Last Ten Years

	FY 1996	FY 1997	FY 1998	FY 1999
General Fund				
Community Development				
Economic development				
Land	\$ -	\$ -	\$ -	\$ -
Downtown maintenance				
Buildings	-	-	-	-
Equipment	-	-	-	-
Parking lots				
Land	-	-	150,075	150,075
Community Safety				
Police				
Buildings		2,125	4,420	4,420
Equipment	100,226	86,399	83,903	85,111
Fire				
Buildings	4,506	-	18,950	18,950
Equipment	118,854	132,707	152,572	155,680
Vehicles	174,020	168,131	576,054	584,565
Building code enforcement				
Buildings	•	-	-	-
Equipment	-	3,710	3,710	3,039
Street lighting				
Property Maintenance				
Cemetery				
Land	39,767	39,767	39,767	39,767
Land improvements	-	24,747	24,747	24,747
Equipment	•	-	-	-
Buildings	60,434	60,434	60,434	60,434
Municipal building & unclassified				
Land	721,003	675,479	525,404	518,037
Land improvements	11,519	22,229	29,879	29,878
Buildings	1,333,072	1,019,583	1,009,623	955,129
Equipment	30,324	53,060	33,766	39,290
Forestry				
Equipment	-	-	-	-
Transportation				
Streets & Bridges				
Equipment	-	-	-	-
Infrastructure	-	, -	-	•
Sidewalks				
Infrastructure	=	-	-	-

continued

FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
\$. -	\$ -	\$ -	\$ -	\$ 306,287	\$ 361,302
-		-	-	11,915 4,200	11,915 4,200
150,075	150,075	150,075	150,075	150,075	150,075
4,420 66,120	4,420 81,449	4,420 82,407	4,420 91,296	4,420 87,273	4,420 100,834
18,950 116,330 531,065	18,950 120,729 531,065	22,731 137,620 542,937	22,731 175,500 564,329	22,730 186,789 564,329	22,730 181,789 564,329
- 2,995	4,867	4,867	4,867	-	5,808 2,995
19,421 27,015	37,499 27,015	37,499 27,015	37,499 27,015	37,499 27,015 1,895	37,499 29,765 1,895
68,827	71,088	89,423	89,423	89,423	89,423
924,930 10,738 938,018 19,485	896,037 18,361 1,031,878 31,243	896,037 33,051 1,073,683 36,070	896,037 18,361 1,311,553 28,073	24,761 18,361 983,876 19,097	24,761 18,361 990,930 19,097
-	-	-	-	4,827	4,827
-	-	12,785,606	7,946 13,211,407	7,946 13, 617,863	7,946 14,843,018
-	-	928,398	966,195	995,913	995,913

	FY	FY	FY	FY
Airnort	1996	1997	1998	1999
Airport Land	\$ 230,241	\$ 208,000	\$ 208,000	\$ 208,000
Land improvements	3,871	\$ 208,000 34,434	\$ 208,000 34,434	\$ 208,000 37,184
Buildings	414,704	414,704	416,351	416,351
Equipment	42,845	414,704 42,845	42,845	410,351
Less: Accumulated Depreciation	42,043	42,040	42,040	42,040
Recreation & Cultural	-	•	-	-
Parks and recreation				
Land	911,058	378,532	476,765	476,765
Land improvement & parks	J11,000	846,665	846,665	1,074,076
Buildings	321,161	193,016	193,016	193,016
Equipment	253,752	7,047	4,122	4,122
Alma Public Library	200,702	7,047	4,122	4,122
Land	25,000	25,000	25,000	25,000
Land improvement	20,000	23,000	23,000	20,000
Buildings	<u>.</u>	481,017	481,017	487,714
Equipment	_	123,233	123,233	110,961
Library Collection	_	120,200	120,200	110,001
Alma Public Access Studio				
Legislative Activities				
City Commission				
Equipment	13,095	6,558	6,558	6,558
Registration & elections	10,000	0,000	0,000	0,000
Equipment	-	_	•	_
City Clerk				
Equipment	30,265	35,851	35,851	33,398
Administrative Services	,	,	,	,.
City manager				
Equipment	28,310	17,170	16,965	23,060
City Treasurer		·	•	•
Equipment	61,268	5,464	5,464	4,264
Assessor				
Equipment	29,975	9,368	9,368	5,942
Engineering				
Equipment	37,154	39,648	39,148	23,183
Propietary Funds				
State Street Plaza				
Land	62,300	62,300	62,300	62,300
Parking lots	94,889	107,002	107,002	107,002
Buildings & Equipment	668,202	668,202	668,202	699,926
Less: Accumulated Depreciation	(285,839)	(312,285)	(338,934)	(366,171)
Transit Services	, ,	(,)	(,,	(,,
Buildings	8,335	8,335	8,335	8,335
Equipment	42,199	52,337	56,278	56,278
Vehicles	330,495	330,495	334,063	334,063
Construction in progress	000,100	300,100	00 1,000	301,000
Less: Accumulated Depreciation	(124,103)	(167,984)	(205,047)	(249,507)
· · · · · · · · · · · · · · · · · · ·	(, 0)	(,001)	(200,011)	(2.0,00.)

FY 2000		FY 2001		FY 2002		FY 2003		FY 2004		FY 2005
 					·		_		_	
\$ 208,000	\$	208,000	\$	208,000	\$	208,000	(\$ 208,000	\$	208,000
37,184		37,184		52,184		52,184		52,184		50,223
414,825		414,825		416,390		471,242		557,499		642,756
39,481		40,975		40,976		40,976		40,976		40,976
-		-		-		(357,531)		(376,512)		(417,905)
744,211		755,026		755,026		755,026		755,026		769,026
671,676		671,676		1,029,682		1,069,252		1,069,252		1,074,725
205,819		206,035		206,035		206,035		206,036		206,036
126,025		117,159		117,159		135,357		138,322		149,847
25,000		25,000		25,000		25,000		25,000		25,000
-		-		6,221		6,221		6,221		6,221
417,336		417,336		417,336		439,558		439,558		439,558
180,175		204,830		204,830		204,830		204,830		204,830
-		-		773,384		810,028		10,028		10,028
9,433		9,433		9,433				3,105		3,105
3,400		3,433		3,433						
-		-		-		•		28,731		29,700
34,779		29,886		29,886		29,886		1,155		-
7,271		12,164		12,164		12,164		12,164		12,164
3,238		3,238		3,238		3,238		3,238		3,238
5,522		3,650		9,145		5,495		5,495		5,495
7,745		7,745		7,745		7,745		7,745		3,500
62,300		62,300		62,300		62,300		62,300		62,300
120,292		120,292		120,292		120,292		120,292		120,292
698,364		698,354		707,040		707,040		720,292		•
				·						720,267
(394,852)		(424,504)		(454,101)		(483,557)		(513,500)		(540,019)
8,335		8,335		8,335		8,335		8,335		17,205
50,869		57,889		-		-		-		-
348,857		354,216		470,722		597,933		622,234		633,318
				500		8,118		10,919		87,505
(247,643)		(298,089)		(354,511)		(232,079)		(245,632)		(245,033)

continued	FY 1996	FY 1997	FY 1998	FY 1999
Wastewater Fund	1330	1991	[330]	1333
Land	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Land improvements	17,847	17,847	17,846	17,846
Distribution & Collection systems	1,543,381	1,573,557	1,603,596	1,768,445
Buildings & Equipment	2,257,369	2,257,369	2,257,369	2,257,369
Equipment	227,159	224,148	212,910	221,936
Construction in progress	•	, -	23,768	, -
Less: Accumulated Depreciation	(2,644,808)	(2,755,217)	(2,869,934)	(2,995,339)
Water Fund	(, , ,	(-,,,	(, , ,	() () ()
Land	115,790	115,790	115,790	115 ,790
Land improvements	4,045	4,045	4,045	4,045
Distribution & Collection systems	3,085,064	3,263,876	3,431,108	3,742,070
Buildings & Equipment	1,658,879	1,692,879	1,698,264	1,692,879
Equipment	697,687	701,895	771,587	753,136
Construction in progress	65,652	` .	26,285	2,165
Less: Accumulated Depreciation	(3,808,533)	(3,911,017)	(4,030,289)	(4,153,119)
Solid Waste Fund		,		
Land	25,000	25,000	25,000	25,000
Land improvement & parks	8,370	8,370	8,370	8,370
Buildings & Equipment	- ·	-	-	-
Less: Accumulated Depreciation	(4,325)	(5,161)	(5,999)	(6,835)
Internal Service Funds				
Administrative Services				
Equipment	352,603	371,338	418,121	448,366
Less: Accumulated Depreciation	(235,125)	(229,695)	(273,909)	(322,348)
Buildings and Grounds				
Buildings	-	-	-	3,803
Equipment	9,991	9,991	-	11,655
Construction in progress	•	-	14,120	6,055
Less: Accumulated Depreciation	(6,321)	(8,104)	(9,336)	(11,201)
Equipment Pool				
Land	12,500	12,500	12,500	12,500
Land improvements	6,394	6,394	6,394	6,394
Buildings & Equipment	303,495	303,495	303,495	307,931
Construction in progress	- 	-	-	-
Vehicles & Equipment	1,752,070	1,816,729	1,935,369	1,917,472
Less: Accumulated Depreciation	(1,153,088)	(1,292,148)	(1,420,235)	(1,508,701)
Grand Total	\$ 10,766,901	\$ 10,805,249	\$ 11,439,810	\$ 11,596,178

	FY 2000			FY 2001			FY 2002		FY 2003		FY 2004		FY 2005
L	2000	ı	<u> </u>	2001		L	2002	L	2003	L	2004	L	2003
\$	10,000		\$	10,000		\$	10,000	\$	10,000	\$	10,000	\$	10,000
	17,846			20,265			20,265		20,265		20,265		20,265
	1,823,569			1,964,368			1,972,159		1,977,453		1,983,137		2,052,672
	2,195,895			2,231,195			2,502,349		2,525,401		2,252,878		2,252,878
	239,744			260,577			-		-		~		418,153
	208			-			-		-		-		1,045,820
	(3,046,664)			(3,185,015)			(3,321,240)		(3,458,367)		(3,595,152)		(3,739,630)
	115,790			115,790			115,790		115,790		115,790		115,790
	4,045			4,045			4,045		4,045		7,150		7,150
	3,908,892			4,199,872			4,545,297		4,615,977		4,851,052		5,023,688
	1,697,006			1,706,606			1,706,606		1,706,606		1,706,606		1,706,606
	846,855			879,079			905,251		974,046		985,630		1002438
	3,089			-					-				70,096
	(4,242,425)			(4,386,569)			(4,542,925)	 	(4,700,387)		(4,869,180)		(5,042,448)
	25,000			25,000			25,000		25,000		25,000		25,000
	8,370			8,370			8,370		8,370		8,370		8,370
	6,595			6,595			6,595		6,595		6,595		6,595
	(8,112)			(9,469)			(10,129)		(10,788)		(11,448)		(12,107)
	463,414			513,073			557,167		655,669		689,948		724,536
	(356,297)			(410,320)			(459,348)		(496,334)		(563,384)		(619,663)
	(000,201)			(170,020)			(400,040)		(400,004)		(303,304)		(010,000)
	126,382			126,382			153,688		151,448		147,044		285,748
	13,706			13,706			-		-		11,467		19,142
	-			-			-		-		-		-
	(8,957)			(15,760)			(22,695)		(27,003)		(32,755)		(180,609)
	12,500			12,500			12,500		12,500		18,894		18,894
	6,394			6,394			-		-		-		-
	313,232			313,232			313,232		313,232		464,915		464,915
	1,299			2,699			2,909		-		-		-
	1,826,274			1,805,915			2,057,125		2,174,611		2,208,238		2,299,922
	(1,486,385)			(1,556,563)			(1,585,470)		(1,668,105)		(1,725,008)		(1,847,808)
\$	11,883,355		\$	12,133,892		\$	26,718,690	\$	27,469,485	\$	26,069,822	\$	28,936,613

SINGLE AUDIT

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

September 29, 2005

City Commission City of Alma Alma, Michigan 48801

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Alma, Michigan*, as of and for the year ended June 30, 2005, which collectively comprise the *City of Alma, Michigan's* basic financial statements and have issued our report thereon dated September 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the *City of Alma*, *Michigan's* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of *City of Alma*, *Michigan*, in a separate letter dated September 29, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *City of Alma, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, and the City Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Lohan

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 29, 2005

City Commission City of Alma Alma, Michigan 48801

Compliance

We have audited the compliance of the City of Alma, Michigan, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The City of Alma, Michigan's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Alma, Michigan's management. Our responsibility is to express an opinion on the City of Alma, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the *City of Alma, Michigan's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *City of Alma, Michigan's* compliance with those requirements.

In our opinion, the *City of Alma, Michigan*, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the *City of Alma, Michigan*, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the *City of Alma, Michigan's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the City Commission, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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CITY OF ALMA SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Approved Award Amount		
U.S. Department of Housing and					
and Urban Development					
Passed through Michigan Department of Commerce					
H.O.M.E. Program	14.239	MSC-99-0767	\$ 300,000		
Aquistion, Development and Resale	14.239		155,544		
Total passed through Michigan Department of Commerce			455,544		
Direct Programs					
Low Income Housing Assistance (2004)	14.850	MI121-001-04D	148,904		
Low Income Housing Assistance (2005)	14.850	MI121-001-05D	162,930		
Low Income Housing Program					
(Section 8 - New Construction)	14.850	MI28-8023-012	116,310		
Public Housing - Comprehensive					
Improvement Assistance	14.852	MI33-P121-501-02	186,084		
Section 8 Housing Voucher Program					
(Vouchers)	14.855	MI33-V121-010, -011	225,395		
(Vouchers)	14.855	MI33-V121-008	179,122		
			1,018,745		
Total U.S. Department of Housing and					
Urban Development			1,474,289		
U.S. Department of Transportation					
Passed through Michigan Department of Transportation					
Capital and Operating Assistance Grant	20.507	01-0004/Z2	55,690		
Capital and Operating Assistance Grant	20.507	01-0004/Z43	55,445		
Capital and Operating Assistance Grant	20.507	02-0004-Z6	676,751		
Capital and Operating Assistance Grant	20.507	02-0004-Z7	57,200		
Capital and Operating Assistance Grant	20.507	02-0004-Z8	57,549		
Capital and Operating Assistance Grant	20.507	02-0004-Z9	47,780		
RTAP (Rural Transit Assistance Program)	N/A	97-0247	N/A		
Total U.S. Department of Transportation			950,415		
U.S. Department of Justice, Community Oriented Policing					
COPS	16.710		75,000		
Total Federal Financial Assistance			\$ 2,499,704		
1 CM 1 CGCIM I MINIOMI I MONOMICO			4 2,177,104		

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Alma and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2: FEDERAL FUNDS

The schedule of expenditures of federal awards includes grant activity of the City of Alma that is reported as capital contributions with in the Enterprise Funds. The total funds reported as federal grants revenue is \$872,523 and the total federal funds reported as capital contributions is \$47,765.

(D R	eccrued referred) revenue revenue	Prior Year Expenditures	Current Year Receipts		Current Year Expenditures		Accrued (Deferred) Revenue 6/30/05	
\$	3,856	\$ 261,702 130,181	\$	1,386 3,856	\$	41,275	\$	39,889
	3,856	391,883		5,242		41,275		39,889
	11,741	85,775 -	•	189,227 57,381		177,486 67,780		10,399
	-			116,319		116,319		-
	-	3,600		56,750		56,750		•
***************************************	-	58,680		119,432 133,176		119,432 204,416		71,240
	11,741	148,055		672,285		742,183		81,639
	15,597	539,938		677,527	·	783,458	***********	121,528
	1,632 (579)	55,794 59,013		925		-		707 (579)
	10,419	55,384		130,156		130,156		10,419
	3,087	44,883		32,276 14,823		32,276 14,496		2,760
	-	-		40,725		53,981		13,256
	740	2,041		2,289		2,728		1,179
	15,299	217,115		221,194		233,637	***************************************	27,742
	10,117	62,627	 	42,956		42,877	<u></u>	10,038
\$	41,013	\$ 819,680	\$	941,677	\$	1,059,972	\$	159,308

CITY OF ALMA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2005

SECTION I - SUMMARY OF AUDITOR'S RESULTS

14.850 14.855

SECTION 1 - SUMMARY OF AUDITOR'S RES	OULIS		
Financial Statements			
Type of auditor's report issued:	Unqualified on financial statemen	ts	
Internal controls over financial reporting: Material weakness(es) identified? Reportable condition(s) identified not	yes	X	_no
considered to be material weaknesses?	yes	X	none reported
Noncompliance material to financial statements noted?	yes	X	_no
Federal Awards			
Internal Control over major programs: Material weakness(es) identified? Reportable condition(s) identified not	yes	X	_ no
considered to be material weaknesses?	yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	yes	X	no
			-
Identification of Major Programs			
CFDA Number(s)	Name of Federal	Prog	ram or Cluster

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Low Income Housing Assistance Section 8 Housing Voucher Program

CITY OF ALMA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2005

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000						
Auditee qualified as low-risk auditee?	X						
SECTION II – FINANCIAL STATEMENT FINDINGS							
None.							
SECTION III – FEDERAL AWARD FINDING	S AND QUESTIONED COSTS						
None.							
PRIOR YEAR FINDINGS							
None.							